

Talent acquisition in Small, Medium and Micro
Enterprises of scarce skills

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Abstract

This paper aims to fill a gap in research regarding talent acquisition in the context of small, medium and micro enterprises. The main question revolves around “What are the challenges faced by SMMEs in acquiring and retaining highly skilled talent?” To address this, the research undertook a qualitative research that focused on both the employer and the employees. A multiple case study approach was employed to unravel the intricacies of talent acquisition in SMMEs. This paper concentrates solely on talent acquisition and retention of scarce skills in small companies. Findings revealed challenges as dilution of university curricula, experience gap, flat organisational structure, shortage of skills and incentives and recognition issues. The Finding also revealed factors that influence scarce skilled individuals to join SMME, and the results show that broaden skill set, leadership, and company culture were critical for potential employees. Additionally strategies that SMME can adopt to attract and retain employees highlighted are offering incentives and employee’s benefits, branding and culture, active engagement with employees, and partnering with educational institutions to close the mismatch dilemma currently experienced by industry employers.

Keywords

Talent acquisition, scarce skills, Small, Medium and Micro Enterprises (SMMEs).

Plagiarism Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

05 March 2024

Table of Contents

1. Introduction to research Problem	1
1.1 Introduction	1
1.2 Research problem	2
1.3 Purpose statement	4
2. Literature review	5
2.1 Introduction	5
2.2 Talent acquisition	6
2.3 Scarce skills human capital	7
2.3.1 Absolute scarcity	8
2.3.2 Relative scarcity	8
2.4 The complexity of scarce skills	10
2.4.1 Scarce skills have transformed into a conversational practice.	10
2.5 Small to Medium Micro Enterprises	10
2.6 Innovation in SMME	11
2.7 Competitive Advantage and Job Security	12
2.8 Culture	13
2.9 Family Business SMME	13
2.10 The theory of talent acquisition	15
2.11 The complexity of Resource Based View theory	16
2.12 Theoretical framework	17
2.13 Conclusion	18
3. Research question	19
4. Research Methodology	20
4.1 Purpose of research design	20
4.2 Philosophy	21
4.3 Approach selected	21
4.4 Methodological choices	21
4.5 Strategy	21
4.6 Time horizon	22
4.7 Population	22
4.8 Unit of analysis	23
4.9 Sampling Method and Size	23
4.10 Measurement Instrument	25
4.11 Data gathering process	26
4.12 Analysis approach	26
4.13 Quality controls	27
4.14 Limitations	28

5.	Presentation of Results	29
5.1	Introduction	29
5.2	Description of Sample	30
5.2.1	Induction	32
5.2.2	Content, thematic or narrative	32
5.2.3	Coding	33
5.2.4	Quality	42
5.3	Presentation of Results and Analysis	43
5.3.1	Research Question 1	43
5.3.2	Research Question 2	50
5.3.3	Research Question 3	53
5.4	Conclusion	58
5.5	Summary table	59
6.	Discussion of Results	60
6.1	Introduction	60
6.2	Research Question 1: What are the challenges faced by SMMEs in acquiring and retaining highly skilled talent?	60
6.2.1	Dilution of University Curricula and Experience Gap	60
6.2.2	Skills shortage	62
6.2.3	Incentive and Recognition	63
6.2.4	Impact of Retention	64
6.2.5	Impact of Operational Infrastructure	66
6.2.6	Impact of resource constraints	67
6.2.7	Impact of Job Security	68
6.3	Research Question 2: What factors influence highly skilled employees to join SMMEs?	69
6.3.1	Broadening skills set	69
6.3.2	Company Culture and Leadership	69
6.4	Research Question 3: What strategies can the enterprises adopt to attract these employees?	72
6.4.1	Branding as a Strategic Tool	72
6.4.2	Company Culture as a Retention Tool	72
6.4.3	Leadership Reflection and Adaptation	73
6.4.4	Incentives and Employee Benefits	73
6.4.5	Partnership with Educational Institutions	73
6.4.6	Fostering Innovation and Employee Competitiveness	74
6.4.7	Adopting Practices from Successful Wins	75
6.4.8	Summary diagram	76

7. Conclusion	79
7.1 Introduction	79
7.2 Recommendation	80
7.3 Limitation and future studies	81
8. Reference List	83

List of Figures

Figure 1	17
Figure 2	26
Figure 3	27
Figure 4	32
Figure 5	36
Figure 6	36
Figure 7	37
Figure 8	39
Figure 9	40
Figure 10	41
Figure 11	76

List of Tables

Table 1	25
Table 2	30
Table 3	33
Table 4	34
Table 5	59

1. Introduction to research Problem

1.1 Introduction

The world economy has been declining in recent years. There is evidence that 2,5 percent growth decline in 2023 (International Monetary Fund, 2023). The policymakers have increased interest rates to reduce the stubbornly high inflation, and food and energy prices have reacted to the pressure of the labour market, and prices have since come down, but the debt levels remain high (IMF, 2023). Small to Medium Micro Enterprises (SMME) constitute more than 90 percent of the business community, this contributes 55 percent to the Gross Domestic Product (GDP) in developed countries, and a slightly less percentage is observed in undeveloped countries (Arnold, 2019). Consequently, Small to Medium Micro Enterprises play a pivotal role in the economy, essentially embodying the economic landscape (Arnold, 2019).

Small to Medium Micro Enterprises (SMME) employs approximately 50 percent to 90 percent of the world population, which differs per country (Albaz et al., 2020). The statistics prove true in South Africa, where SMMEs employ 64 percent of the labour (Small Enterprise Development Agency, 2021). SMME play a vital role in fostering the economic growth and advancement of any country. Nevertheless, ensuring their sustained performance over the long term presents a significant obstacle (Mantje & Rambe, 2021). Hoffman (2023) further states that SMMEs are crucial contributors to economic advancements through various means, including the generation of employment opportunities, crime reduction, and the provision of valuable work experience for the youth. Treece (2023) states that SMMEs often contribute more substantial revenue to the local community compared to large, non-local corporations, which may have a dampening effect on the local economies.

Therefore, it is a valuable process to work towards enhancing the productivity of SMMEs and ensuring the sustainability of the enterprises. Productivity enhancement can be archived in various ways and acquiring talented human capital affects an organization's productivity level in a major way, and having the right talent in an organisation has positive effects (Prasetyo & Kistanti, 2020). This could be considered a small measure to boost the productivity of the SMMEs but it is a crucial aspect.

The issue of attracting and selecting suitable candidates for a job has been a longstanding challenge in the recruitment process (Mehtab, 2023). An overwhelming 87% of Human Resource experts indicated that they encountered a scarcity of adequately skilled candidates when attempting to fill job vacancies (iSmartRecruit, 2023). Challenges in talent acquisition are experienced in both the candidates and the organisations, both sides contribute to the complexities of the process (Mehtab, 2023). The performance of the SMME sector in South Africa has been subpar compared to the other middle-income nations in terms of their impact on employment and GDP.

SMMEs in South Africa contribute approximately 45%-50% to GDP, whereas other middle-income economies show higher figures at 70%-95%, this is due to that SMMEs in those countries make up 99% of all firms and contribute between 50% and 60% to total value-added in 36 countries within the Organisation for Economic Co-operation and Development (OECD) (Mantje & Rambe, 2021).

With all things considered, this study will employ an explorative approach to identify challenges SMMEs face in acquiring scarce skills to run the company sustainably. The study will explore the talent acquisition strategies that SMMEs could utilise to gain competitive advantage. The research will look into both sides of the equation from the perspective of the SMMEs owner and the perspective of the scarce skilled employees. The research will focus on industries that employ scarce skills in their businesses.

1.2 Research problem

There is a widely accepted perspective that Small, Medium, and Micro Enterprises serve as a crucial remedy to foster economic development, primarily due to their contribution to the unemployment rate by enhancing the overall lifestyle (Botha et al., 2021). According to Bushe (2019), 90 % of companies fail within ten years of starting up due to various reasons investigated by previous research, and some of the reasons that contribute to failure are the employment of relatives and employing dishonest workers. Lack of knowledge and experience in the area when a business start-up contributes to the failure of Small to Medium Micro Enterprises. This factor considers the ability of the entrepreneur to integrate the required skills and experience into the business by identifying the relevant human capital (Bushe, 2019). However, because of the high failure rates, SMMEs cannot fulfil their role in job creation and economic growth. Hongal and Kinange (2020) state that it is a complex process to acquire the correct quality of human capital, and what makes the process

more strenuous is that there needs to be consistency between the supply of skills and demand in the market. Human capital is one of the critical drivers in sustainable business growth, as human capital contributes to generating efficiency, effectiveness, creativity, innovation, and improved productivity (Prasetyo & Kistanti, 2020).

Research further states that the quality of human capital is essential for entrepreneurship, as the skills and experience possessed by human resources may lead to increase competition and determines the quality of growth within a business, In contrast, general human capital can have a negative effect on the level of productivity (Prasetyo & Kistanti, 2020). Prominent companies acknowledge that skilled individuals within their organisations give them with competitive advantage and assurance in effectively attaining their sustainability objectives (Mujtaba & Mubarik, 2022). These companies have realised that sustainability is the most crucial topic in this world, and they believe that talented employees play a key role in addressing this challenge (Jena et., 2018). Botha et al. (2021) listed several challenges faced by SMMEs, and the acquisition of the correct skills together with managerial expertise was one of the prominent challenges. Furthermore, past researchers have identified that there are challenges that businesses are face to maintain competitiveness in an uncertain business landscape; these critical challenges include practical ways to attract talent and integration of human resources to align with sustainability objectives (Mujtaba & Mubarik, 2022).

There is an apparent gap between reality and expectation. SMMEs remain the expected solution to the economic challenges that the country faces, while 90% of SMMEs fail within the first ten years. There is also a gap between leading corporate companies and SMMEs, not just in size but in how they acquire the human resources employed by the company. However, a common theme between leading corporates and SMMEs is that human capital is a crucial resource that provides a competitive advantage and sustainable growth to a company by providing efficiency, innovation, and effectiveness.

1.3 Purpose statement

This research aims to investigate the challenges SMMEs face in acquiring and effectively utilizing human capital to foster sustainable business growth and contribute to the economic development. The study aims to address the business needs for understanding the factors contributing to high failure rates of SMMEs, particularly concerning their inability to attract the right quality of human capital. It seeks to investigate the factors that influence scarce skills employees to join these enterprises instead of joining a larger organisation. Understanding these factors is essential in developing effective talent attraction strategies to attract highly skilled human capital for SMMEs. Once the influencing factors are known and understood, practical recommendations to the SMMEs can attract highly skilled human capital to give them a competitive advantage. Subsequently, the study will aim to achieve insights into how SMMEs can improve recruitment practices to better compete for talent with larger organisations. It will also examine the role of effective talent acquisition in creating a sustainable business that will continue to exist after ten years of inception. Additionally, it will explore the theoretical need for recognising human capital as a critical driver of efficiency, creativity, innovation, and productivity within SMMEs.

2. Literature review

2.1 Introduction

Talent Management is a relatively new and developing area, requiring more work to be fully recognised as a discipline (Yildiz & Esmer, 2023). Yildiz and Esmer (2023) defined talent management functions comprehensively, and created a framework that organises talent management into seven core functions. One core function listed by the authors is talent acquisition was the main focus of the research. Talent acquisition is a strategy that has to align with the overall goals of a company, and this process involves identifying, attracting, enticing, developing, and engaging a skilled workforce that will join an organisation (Hongal & Kinange, 2020). Krishnan and Scullion (2017) suggest that there is informality and personalized management style in shaping the culture of SMMEs, the authors contend that SMMEs tend to favour an informal approach to talent management and typically avoid the formal practices that require identification and attraction of talent, this is because highly skilled talent will not fit in the culture of a new company, where they would undermine the majority of the employees. Further, the best practice approach to talent management that works in large companies may not be suitable for SMMEs, as previous studies argued that talent management methods used are depended on the size of the company and the life stage of the business (Krishnan & Scullion, 2017)

Industry experience is an imperative factor in selecting potential talent for a business, while some industry experts have rated this aspect as a primary objective to acquiring talent (Honoré & Ganco, 2023). Honoré and Ganco (2023) argued that further research will be required to investigate the factors that motivate employees to join SMMEs and what motivates employers to acquire the talent they get. SMME are at a disadvantage in the job market due to the limited availability of organisational information for prospective employees (Krishnan & Scullion, 2017). Unlike larger organisations, SMMEs invest less in establishing visibility, combined with the challenge of finding reliable information sources on SMMEs, contributes to the legitimacy gap (Krishnan & Scullion, 2017). In contrast, Multinational enterprises experience greater pressure to maintain organisational legitimacy in the labour market by adhering to global practices. This pressure is particularly pronounced as Multinational enterprises compete for talent regional and global scales (Krishnan & Scullion, 2017)

Highly qualified candidates have become more cautious, sceptical and apprehensive. Consequently, attracting and enticing them has become more challenging, a top candidate that is presently employed may require twice the effort and time to capture their attention, not to mention persuading them to consider leaving a secure position for your opportunity (Tripathy, 2014). This places SMMEs in an awkward situation as they

cannot provide a sense of security in a volatile market. Mukul and Saini (2021), supports this as they stated that individuals with experience or significant potential, such as graduating from prestigious institutions, often express substantial concerns and uncertainties before committing to a position within a start-up.

Krishnan and Scullion (2017) argue that the entrepreneur's objective in talent acquisition is to recruit high-potential employees who are capable of fulfilling multiple roles during the different stages of the business, and this then requires a dynamic approach in talent management, for this purpose, further insight into staffing patterns of SMMEs can deepen the understanding of how talent identification and selection practices develop within the environment.

Furthermore, the SMME sector has lacked notable leaders in talent management or exemplary human resource practices. In Sharp contrast, extensive literature on large enterprises has consistently spotlighted best practices in talent management within global Multinational Enterprises (Krishnan & Scullion, 2017). Notably, prominent consulting firms such as McKinsey and BCG, which play a key role in disseminating best practice concepts, typically focus in large enterprises rather than SMMEs as their primary audience (Krishnan & Scullion, 2017).

Past researchers have suggested exploration into talent management in a diverse setting, not just focused on large organisations (Krishnan & Scullion, 2017). Currently there is a notable lack of conceptual and theoretical research on talent management within SMMEs. It is imperative to gain a deeper understanding of the unique challenges and talent management practices specific to SMME context (Krishnan & Scullion, 2017).

2.2 Talent acquisition

Parthasarathy and Pingle (2014) defined talent acquisition as a strategic method for finding, attracting and, bringing in skilled individuals to meet the business fast-changing demands. There is a vast pool of highly talented individuals worldwide, and getting them on board has been difficult for professionals in this field (Parthasarathy & Pingle, 2014). The extent of the problem becomes magnified when trying to acquire scarce skills in the industry. The acquisition process of talent involves creating the best workplace to work, and this can be achieved by implementing practices that impress talented individuals from outside the organisation (Yildiz & Esmer, 2023). However, Botha et al. (2021) state that the process of talent acquisition is less challenging for smaller businesses, this is likely due the fact that micro-businesses may not require additional staff. This means that the challenge of talent acquisition grows as the company grows through the business stages.

One obstacle encountered by the SMME's involves the task of identifying suitable personnel capable of advancing the entrepreneur's vision and turning it into a tangible achievement (Girotra & Kaushik, 2018) The success of a company can be credited to the talent they bring on board to support the vision (Mukul & Saini, 2021). Unfortunately, in inception stages of a company, there is typically no need for human resources or rather no funds to cater for human resources. The founding team often handles various roles, and it is common for the founders to take on the responsibilities of a Human Resource executive, including tasks related to recruitment, workforce planning and routine recruitment (Mukul & Saini, 2021). This could be an advantage to the SMME as it allows for meticulous control over talent acquisition ensuring that only individuals with the right culture fit become part of the organisation. Although the impact of the initial founding team's prior industry experience is widely acknowledged as a determinant of a start-up success, its role in the subsequent stage, which is recruiting new talent has received considerably less scrutiny and is a critical factor in the success of a business (Honoré & Ganco, 2023).

Nevertheless, due to the modest scale of operations leading to restricted demand for human resources, these SMME predominantly engaged in talent acquisition through the dissemination of recruitment-related information within their networks (Mukul & Saini, 2021). Meaning the desired skills set, knowledge, and attitudes of the required employees were conveyed through personal and professional connections. Mukul and Saini, (2021) state that entrepreneurs seldom resort to conventional methods such as newspapers advertisements, they place trust in hiring individuals known to them or those recommended through credible source.

2.3 Scarce skills human capital

The Department of Higher education and Training (2014) defines scarce skills as the occupations that face shortage of qualified and experienced individuals, either presently or anticipated in the future. This scarcity can occur due to either the unavailability of skilled individuals or the availability of individuals who need to meet the employment criteria. This shortage can arise from a variety of factors, categorized as relative or absolute. Fanyana, (2022) asserts that the widely acknowledged notion of the skills gap is responsible for unemployment and inadequate socioeconomic progress in South Africa, the gap is the primary reason for the limited innovativeness observed among graduate's and school leavers. Consequently, addressing skill deficiencies and shortages has become a prominent policy objective in recent educational strategic outcomes.

Akomah et al. (2020), outline reasons for lack of skilled workers, particularly in the construction field, the shortage of skills is linked to a mix of socio-economic circumstances, external influence, job attractiveness, industry limitation, and personal challenges.

The notion of critical skills gained significance in South Africa due to a shortage of skills (Fanyana, 2022). The Department of Labour (2019) defines critical skills as a shortage of individuals with the necessary qualifications and experience to fulfil the requirements of a specific occupation. This then aligns critical skills and scarce skills in the same meaning. The demand and the supply of skills and labour are the two concepts that emerge from the equilibrium (Fanyana, 2022). Key reasons identified for overcoming this shortage include determination, teamwork, adaptability, technical skills and skills enhancement (Akomah et al., 2020). Labour supply pertains to the presence of adequately skilled individuals capable of fulfilling responsibilities in a specific occupation, while labour demand involves employers seeking individuals with the requisite skills (Fanyana, 2022).

Critical Skills as defined by The Public Service Act Section 41 3.2.3 (23 January 2009) is “the operational or generic abilities needed within existing occupations that are required; or the top up skills required to fill a skills gap to enable employees to competently perform the roles/tasks associated with such occupations. Critical skills include transversal skills (“hard” skills like project management skills or “soft” skills like conflict management or communication skills) and functional skills associated with particular jobs or particular occupational categories” (p. 5).

2.3.1 Absolute scarcity

Is a scenario in which suitably skilled individuals are not available, and this can occur in a new or emerging occupation where there are limited individuals in the country possessing the necessary skills in terms of qualification and experience (DHET, 2014).

2.3.2 Relative scarcity

Is a scenario in which suitably skilled individuals are available, but they need to meet other employment criteria (DHET, 2014). This occurs due to geographical location whereby qualified individuals are available, but unwilling to work outside urban areas or in areas away from their families (DHET, 2014). Another reason may be equity considerations, where there might be a scarcity of candidates with the necessary skills from a specific group, thus making it difficult for businesses to fulfil their skills requirement (DHET, 2014).

Occupational clusters of scarce skills list are listed below according to the DHET (2014).

- Manufacturing Managers
- Industrial and Production Engineers
- Environmental Engineers
- Telecommunications Engineers
- Nursing Professionals
- Vocational or Further Educational Teachers
- Software developer
- Physical and engineering Science Technicians
- Plastic Products Machine Operators
- Earthmoving and Related Plant Operators

2.4 The complexity of scarce skills

2.4.1 Scarce skills have transformed into a conversational practice.

This means that this practice has developed into a prevailing way of communicating and discussing the concept of skills that are in high demand but limited supply. This implies that the term is now commonly used as a linguistic tool to address and frame the issue of skill shortages in different contexts (Balwanz & Ngcwangu, 2016).

2.4.2 The concept of scarce skills fosters a flawed understanding of education and misguides the prioritisation of education reforms.

Balwanz and Ngcwangu (2016) state that the emphasis placed on scarce skills perpetuates a simplistic perception of education that prioritizes prescriptive learning and focus on qualifications and occupational preparation. The authors further state that this discourse fails to address one of the most pressing challenges facing education in South Africa, which is the pervasive low quality of education across many schools at all levels.

2.5 Small to Medium Micro Enterprises

The term SMME lacks a universal definition according to Krishnan and Scullion (2017) and exhibits variability across countries. Different qualitative or quantitative criteria are employed to define SMMEs, leading to challenges when comparing the number of SMMEs and their workforce across nations (Krishnan & Scullion, 2017). By international standards, South Africa has relatively low thresholds for categorising businesses. Many enterprises that Americans or Europeans consider Small and Medium Enterprises (SME) would be classified as large enterprises in South Africa (WRSETA, 2022).

The SMME is then further separated into categories which have their own thresholds attached to each group as below;

Small Business “A separate and distinct business entity, including cooperative enterprises and non-governmental organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or subsector of the economy which can be classified as a micro-, a very small, a small or a medium enterprise” (WRSETA, 2022 p. 3).

Micro Business “Micro enterprises employ five employees operate informally. Owners of micro enterprises lack skills to run a business, are unlicensed and as a result do not comply with legislation. The turnover of these enterprises is R300 000 per annum, and they have the potential to make the transition to a viable formal small business. “(WRSETA, 2022 p. 3).

Medium-Sized enterprises “Medium enterprises are owner-managed, comply with the law and are organised into complex structures of up to 200 employees that perform their duties in fixed business premises. These enterprises are often characterised by the decentralisation of power to an additional management layer.” (WRSETA, 2022 p. 3).

SMME are widely recognised as crucial contributors to the economic prosperity, they are acknowledged not only for their role in job creation but also as generators of sales and significant source of tax revenue, thereby contributing to fiscal success (Botha et al., 2021).

2.6 Innovation in SMME

SMME offer more than just employment opportunities for local communities. They bring a fresh entrepreneurial mind-set, fostering innovative thinking and novel perspectives. Unlike large corporations, small businesses can easily embrace new approaches, as their nimble nature allows for swift changes with minimal investment (Treece, 2023). The close-knit teams and straightforward communication channels within small businesses enable quick pivots and operational transformations. Treece (2023), further explains that this agility turns early-stage entrepreneurs into innovation labs, where they experiment with new methods.

SMMEs often create unique models tailored to their specific circumstances. The innovative approach of SMMEs allows them to explore unconventional recruitment avenues that larger organisations might overlook (Krishnan & Scullion, 2017). For instance Krishnan and Scullion (2017) acknowledge that SMMEs might opt to hire semi-retired individuals, who may be less influenced by concerns related to legitimacy and career progression, represent a non-traditional talent pool that can help mitigate recruitment challenges in other areas.

Human capital is what is required to achieve innovation in a company, and Mukul and Saini, (2021) defined human capital as the expertise, competencies, and capabilities of individuals stemming from their education, training, and professional background, it comprises the assets owned by individuals, which can be utilized and managed according to their own judgment. Acquiring the correct skills for the SMME becomes a critical factor in the business. However entrepreneurs must demonstrate innovation firstly in their recruitment, involvement, growth, and preservation of employees to both attract and retain the required workforce (Mukul & Saini, 2021).

In the current business landscape, the absence of innovation poses challenges for business to adapt to the evolving conditions (Matekenya & Moyo, 2022). This disadvantages the SMME's in gaining a competitive advantage in the business landscape. The Intangibles such as human capital plays a significant role in success of a company with regards to demonstrating innovation (Matekenya & Moyo, 2022). SMME in South Africa are still overshadowed by larger business in terms of their contributions to the GDP and innovation (Matekenya & Moyo, 2022). The authors further state that recognising the significance of innovation in fostering growth and development, South Africa has implemented policy frameworks aimed at urging both the public and private sectors prioritize innovation.

This just emphasizes the important of having the right human capital in the business to ensure that the company remains competitive and agile in volatile markets using innovation. Matekenya and Moyo, (2022). Suggest that smaller firms aspire to innovate and introduce new products but they encounter limitations due to the insufficient financial resources for the necessary investment and constraints in hiring personnel within their budget.

2.7 Competitive Advantage and Job Security

Every organisation that is dedicated to discovering, nurturing, and retaining highly skilled individuals within their teams, and those that excel in these aspects outperform their competitors (Tripathy, 2014). Leaders of companies have recognised that a crucial factor distinguishing them in the competitive landscape is their ability to foster innovative thinking, critical analysis and ambitious talent acquisition (Tripathy, 2014).

Given the constant fluctuations in the current economic landscape, it is increasingly imperative for leaders to actively identify, retain and propel highly skilled labour ensuring that the right individuals are in the appropriate roles at the right time to give them the advantage (Tripathy, 2014).

The assurance level within the workforce is connected to the stability of employment, and increased job security correlates with a heightened sense of confidence in the work environment, fostering greater commitment among employees to the company (Anwar & Abdullah, 2021).

In an increasingly dynamic and complex business environment where talent is scarce, what will set a leader apart from others is their capability to attract top-tier talent (Tripathy, 2014). The emphasis on talent acquisition will centre on how companies are reshaping talent acquisition strategies in the evolving era of Human Resource Development (Tripathy, 2014).

2.8 Culture

Establishing the right practices and laying the foundation for a SMME hinges on a crucial element of culture. Creating an atmosphere of trust and belief is essential, and it significantly contributes to the ultimate success of a company (Mukul & Saini, 2021). In practical terms, investigating the hiring process in start-ups presents numerous challenges. The recruitment process necessitates a mutual agreement, indicating compatibility between the founding team and a new hire, neglecting to acknowledge the culture and the reciprocal nature of this match and the interdependence in the selection process on both sides can result in inaccurate statistical inferences (Honoré & Ganco, 2023).

SMME culture typically exhibit characteristics such as transparency, open communication, non-hierarchical structures, adaptability, flexibility, and a fast-paced environment (Mukul & Saini, 2021). These attributes can aid in attracting individuals who align with the organisational culture, as shared norms, values, and unspoken commitments contribute to employees not only performing their tasks effectively but also fostering long-term satisfaction and commitment to the company (Travis, 2018).

2.9 Family Business SMME

Social connections play a pivotal role in attracting human capital in SMME's, leveraging referrals as talent acquisition strategy becomes a powerful approach for SMME's firms that possess abundant social capital resources (Mukul & Saini, 2021). According to Bushe (2019), family businesses often operate based on familial relationship like those between sons, brothers and cousins. However, this can lead to conflicts of interest and can impede the survival and growth of the business. The concept of family business model emerged in response to the challenges faced by enterprises in the 1960s and 70s, such as issues related to sibling rivalry, nepotism, and inadequate family business management (Bushe, 2019). Employment of relative have contributed to the amount of enterprise failure. Recruitment through recommendations from friends and family saves resources, time, energy, and challenges associated with traditional recruitment process (Mukul & Saini, 2021). Leveraging networks for recruitment can also mitigate concerns related to lack of reputation, brand recognition, credibility, or organisational legitimacy (Mukul & Saini, 2021).

Hack-Polay et al. (2020) highlighted family member interference as a challenge in starting up a new venture. The concept that family comes first and business second has proved to be a challenge when a family member is employed in the business or is part of the business (Hack-Polay et al., 2020). The employment of family members in a business is due to a planned succession plan and the level of trust between the families, however, business ends up being integrated with family matters (Hack-Polay et al., 2020). Families are often appointed to a particular job without the necessary skills because of the notion that family comes first, and research proves that relatives are appointed during the inception stage of the business because they offer the opportunity of cheap labour (Hack-Polay et al., 2020). However, family member may be supportive during the inception stage of a business but that does mean they can make strategic decision that will sustain the company long term, acquiring external skilled human capital is required as the company grows (Hack-Polay et al., 2020).

Past researchers emphasized the pattern of friends and family members joining forces to establish businesses, highlighting the unique advantages of such collaborations (Mukul & Saini, 2021). The close-knit relationships offer a deep understanding of each other's skill sets, vision, aspirations, working styles, strengths, and weaknesses, allowing for effective successful collaborations, these collaborations address talent gaps within a start-up (Mukul & Saini, 2021). The entrepreneurs benefit from a combination of personal and professional connections, this includes strong and weak ties formed with family members, relative's, and friends. These relationships can overcome challenges in the talent acquisition process, however this could also lead to more challenges associated with employing family members, and close friends in businesses (Mukul & Saini, 2021).

2.10 The theory of talent acquisition

The research will draw upon the resource-based view (RBV) as a framework as it guides the theory of why acquiring the correct human capital can lead to competitive advantage. Although a significant portion of the RBV research has predominantly focused on large companies, however, smaller enterprises also encounter the necessity of acquiring crucial resources to establish a sustainable competitive advantage (Barney et al., 2001). The main idea of the theory asserts that a company's competitive advantage is derived from effectively utilising resources and capabilities that possess distinct characteristics available to the company (Ciszewska-Mlinarič & Wasowska, 2015). RBV support that a primary factor that helps companies maintain a long-lasting competitive edge is their distinctive, valuable, and irreplaceable human resource (Yildiz & Esmer, 2023). Wernerfelt (1984) defined resources as anything that contributes to a firm's strength or weakness and is described as tangible and intangible assets that are stable and closely associated with the firm. Wernerfelt (1984) further listed brand, skilled labour, machinery, and many more as examples of a resource. However, the definition of the word asset, has changed its meaning going back to the year 1531, where it meant "to have sufficient" (Williams, 2003, p.135), to most recently, where it means a resource that has economic value that is owned or controlled by a company with the anticipation that it will provide a future benefit (Barone, 2023).

Past researchers have stated that talent is a precious and exceptional asset that is highly valuable and difficult to imitate. It is considered a key factor for gaining a competitive advantage and improving business performance (Yildiz & Esmer, 2023). Lockett et al. (2009) contended that an individual resource rarely holds significant value when considered in isolation, therefore a single resource is unlikely to be responsible for a business success. It may prove more reasonable to attribute the business success to a combination of resources which are complementary, interrelated and co-specialized in nature (Lockett et al., 2009).

This argument is further supported by Collin (2021) when he states that the RBV perspective emphasizes the importance of organisational fit, stating that companies can only attain long-term competitive advantage if they possess the ability to effectively utilise potentially valuable resource (Collins, 2021), however, research will only focus on acquiring the human capital resource. Furthermore, for a competitive advantage to be present, the resources and capabilities forming its foundation must meet specific criteria, meaning they should be valuable, scarce, difficult to replicate and well-organised (Ciszewska-Mlinarič & Wasowska, 2015). Nonetheless, the unique human capital within each company consists of skilled individuals with abilities that can easily be replaced, making it a rare and invaluable resource (Yildiz & Esmer, 2023). Moreover, this

competent scarce resource significantly contributes to the company's overall business performance and helps achieve its strategic goals (Yildiz & Esmer, 2023).

This study aligns with the resource-based view (RBV) theory as it specifically concentrates on the scarce skills human capital that possess unique qualities that are valuable, scarce and contribute to a firm's competitive advantage.

2.11 The complexity of Resource Based View theory

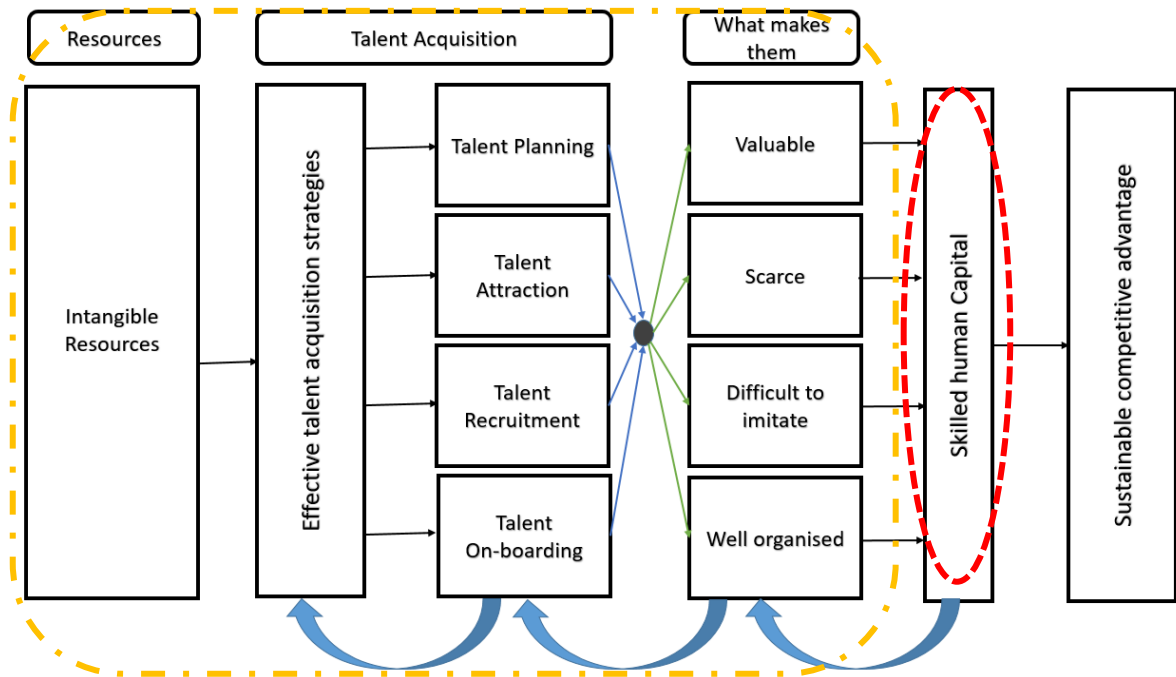
One of the complexities in utilising the RBV theory is determining the position of the argument. Barney (2001) states three ways to position the resources-based view theory, the first one was in relation to the SCP-based theories of competitive advantage which was developed by Porter in 1980. Another alternative presented by Barney (2001) was the neo-classical microeconomics view which was developed by Richard in 1817. Lastly, the RBV could have been positioned in evolutionary economics developed by Nelson and Winter in 1982 (Barney, 2001). Using any of the RBV could provide different results and different insights, but as much as these views are different, they have some similarities as well (Barney, 2001). This research will use the SCP based theories of competitive advantage will be used.

The RBV has grown as a set of ideas that try to explain how a company's resources relate to its success and expansion, however, it has not produced straight forward and definite predictions or statement (Lockett et al., 2009). The first concern RBV brings about is circular reasoning, it attributes variations in how well companies perform to inherent differences within the company (Lockett et al., 2009). Assumption are made that the RBV can be clearly stated in a way that allows testing, then to check its predictions, the resources are required to be found and measured and this has been a challenge because the resources that are critical are often linked to organisational learning and mostly difficult to observe and measure (Lockett et al., 2009).

2.12 Theoretical framework

Figure 1

RBV SCA model illustration



Note. Adapted from Resource-based view sustainable competitive advantage. Barney (1998). [https://doi.org/10.1002/\(SICI\)1099-050X\(199821\)37:1%3C31::AID-HRM4%3E3.0.CO;2-W](https://doi.org/10.1002/(SICI)1099-050X(199821)37:1%3C31::AID-HRM4%3E3.0.CO;2-W)

The talent acquisition through RBV SCA framework attempts to explain the process the study took. The study will work backwards looking at the required scarce skill employees currently required by SMMEs and working backwards to the challenge currently faced by companies is acquiring the highly skilled employees to join the company so that they can gain sustainable competitive advantage. Human capital is noted as one of the important drivers in sustainable business growth as human capital contributes to factors such as efficiency, effectiveness, creativity, innovation, and improved productivity (Prasetyo & Kistanti, 2020). Through the process of acquiring the highly skilled employees, the enterprises need to get an understanding of what makes the highly skilled employee valuable, scarce and what makes their capabilities difficult to imitate and well organised. Upon knowing these factors, SMMEs will be able to determine what kind of employee they are planning to acquire and how they will fit in the organisational culture.

However, Krishnan and Scullion (2017) state that in SMME, adopting formal and exclusive talent acquisition approaches that focus only on high potential individuals may not align with the collaborative and equal culture of teamwork in the enterprises. These approaches could lower the motivation and morale of the majority of employees (Krishnan & Scullion, 2017).

2.13 Conclusion

The literature review has shed light on the intricate landscape of talent management, particularly focusing on the challenges and dynamics associated with talent acquisition in SMME's, with specific emphasis on scarce skills. The synthesis of various studies and perspectives has revealed several key insights that set the stage for the imperative nature of the research.

The authors highlighted the distinctive nature of SMME's characterized by informality, personalized management styles, and a culture that values collaboration. These attributes create a unique set of challenges for talent acquisition, where the need for skilled individuals intersects with the necessity to preserve the cohesive culture of these enterprises. The scarcity of specific skills has emerged as a central theme. The discussion on absolute and relative scarcity underscores the critical importance of acquiring individuals with specialized expertise in a competitive and dynamic business environment. An equilibrium that should exist between the supply of skills and the demand of skills in the market place. SMME's, in their pursuit of growth and sustainability, are recognised for their capacity for innovation and agility. The literature has shown that these enterprises can leverage their nimble nature to explore unconventional recruitment avenues, emphasising the role of human capital in driving innovation. The recognition that attracting and retaining highly skilled individuals contributes significantly to an organisations success reinforces the strategic importance of talent management in SMME's.

The organisational culture within SMME's, with emphasis on transparency, adaptability, and open communication, underlies the need for talent acquisition strategies that align with and enhance the existing cultural fabric. Additionally, the challenges posed by family business dynamics underscore the importance of strategic talent acquisition for long term success. The application of the Resource-Based View theory as a framework provides a theoretical lens through which to understand how acquiring scarce skills in SMME's can lead to a sustainable competitive advantage. The RBV theory underscores the value, rarity, and inimitability of human capital in contributing to long term success.

In light of these insights, the need for the research becomes evident. The unique challenges faced by SMME's in acquiring and managing scarce skills human capital necessitate a deeper exploration. Understanding the nuanced interplay between the organisational culture, family business dynamics, and the RBV theory in the context of talent acquisition will not only contribute to the academic discourse but also provide practical insights for SMME's striving for sustainable growth and competitiveness.

3. Research question

What are the challenges faced by SMMEs in acquiring and retaining highly skilled talent?

Hongal and Kinange (2020) state that it is a difficult process to acquire the correct quality of human capital, and what makes the process more strenuous is that there is a discrepancy between the supply of skills and demand in the market. The purpose of this question is to identify obstacles and difficulties the SMMEs encounter when it comes to acquiring highly skilled employees, understanding these challenges will allow SMMEs to adopt strategies that apply to them and thus improve their ability to attract and retain the required talent to grow and sustain their growth.

What factors influence highly skilled employees to join SMMEs?

A major challenge in studying how start-ups hire talented employees is understanding the two way process where both employees and companies strategically choose their potential partners (Honoré & Ganco, 2023). This highlights the importance of getting the view of the employees. The question aims to explore and understand the various factors that attract and influence highly skilled employees to join SMMEs, the questions will investigate into motivation and considerations that lead skilled individuals to choose employment in such enterprises over large organisations. The study will look into aspects such as work environment, job aspects, growth opportunities, work-life balance, company culture, compensation and other relevant factors that may influence the decision of highly skilled workers to join SMMEs.

What strategies can the enterprises adopt to attract these employees?

Yildiz and Esmer (2023) state that the most commonly mentioned strategy for attracting talent is creating a clear and appealing employee value proposition that aligns to the employer brand identity. The research question seeks to investigate various methods, policies and practices that companies can implement to successfully acquire individuals and entice them to join their organisation. Additionally, the question will seek to understand how these businesses can create an environment and offer incentives that encourage these valuable and scarce employees to join the SMMEs. Overall, this will assist companies on how to develop a compelling employer brand that highlights the SMMEs unique attributes and positive work culture. Additionally, Krishnan and Scullion (2017) disagrees with the idea of using best practices approach to talent acquisition because what works effectively in large multinational enterprises may not be suitable or applicable in the context of SMMEs. This highlights the importance of developing or using suitable strategies that will cater for SMMEs.

4. Research Methodology

The chapter aims to outline the research design that was used to answer the research questions. A qualitative approach was used to understand the main aim of the study and attempt to make sense of talent acquisition phenomena in its natural setting within Small, Medium, and Micro Enterprises environment (Aspers & Corte 2019). Qualitative methods are used largely when attempting to understand the social sciences behind a phenomenal (Strijkeret al., 2020). This makes it the appropriate method as the study aims to the social relationship between the scarce skilled employees and the organisation which is the SMME. Aspers and Corte (2019) defined Qualitative research as a process whereby there is a continuous refinement of the subject and a deeper understanding of the phenomenon under the study, the author further stated that the methodological approach involves generating and analysing empirical data iteratively to gain a better understanding of the topic, and the end goal of producing novel insights that advance the scholarly community's understanding of the subject matter. Furthermore, Patel and Patel (2019) reiterate that qualitative is most suitable for studying how human beings behave where the researcher can study the body language and feelings of the subject through observations, the author refers to this method as motivation research.

The research methodology, data collection, and data analysis was designed while taking into account the potential concerns regarding the reliability of the data with regards to sample size variety. The researcher will implement strategies to address these concerns while being mindful of the time and resources available. Ethical considerations were taken into consideration and limitations of the study were identified and presented.

4.1 Purpose of research design

An exploratory research was used to gain an understanding of the research questions, the research aimed to explore the topic as the researcher had limited knowledge of the subject. Explorative research is typically conducted through qualitative design. An exploratory approach was able to assist in identifying and defining the problem by developing a deeper understanding of the topic (Saunders & Lewis, 2018). Swanborn (2010) explains that exploratory studies are flexible and open to the phenomenon being studied, there was no predetermined hypotheses, and research decisions evolved in response to the data. Due to the exploratory research lacking a comprehensive inventory of available questions, and no pre-existing measuring instruments, or data collection procedures (Swanborn, 2010), questions were altered based on how the respondent answered a question.

New questions were posed to the respondent based on the topics raised during the interview. Swanborn (2010), emphasizes adaptability and willingness to explore diverse paths rather than adhering to fixed plans.

4.2 Philosophy

An interpretivism philosophy was used as it emphasizes the importance of understanding the subjective experience and meanings that people attach to their natural environment and their roles as social actors in the business environment (Saunders & Lewis, 2018). Human behaviour is shaped not only by the environment but also by the subjective perceptions, it is important to understand the significance of how the individual or group being examined perceive the world is crucial for conducting effective research in the social context (Willis, 2007). This philosophy made the behaviour of scarce skills individuals and how they perceive the SMME's a crucial component.

The interviews were set up to gain an understating on how SMME's owners and scarce skilled individuals perceived the phenomena of talent acquisition in their context, and how the environment experienced has altered the way they approached Human Resource matters.

4.3 Approach selected

An inductive approach was employed as the research began with collecting and analysing data, then used that information to broader understand the theories that exist (Saunders & Lewis, 2018). The inductive approach is often used with qualitative research where the goal is to identify patterns, categories, and themes that emerge from the data (Myres, 2023).

4.4 Methodological choices

Mono-methodological approach was used for the study, this involves using only one method to collect and analyse the data, and this is due to limited resources such as time (Fourie, 2023)

4.5 Strategy

A multiple case study qualitative strategy was used to determine the understanding of how SMMEs acquire and retain the talent in their organisation. Rashid et al. (2019) define a case study as a method that involves investigating a phenomenon within a particular context, by using various data sources and exploring it through multiple perspectives to reveal different facets of the phenomenon. It focuses on examining a real-time occurrence within its natural setting, recognising that the context can impact the outcome (Rashid et al., 2019).

This is an appropriate instrument as the study aims to investigate a phenomenon in talent acquisition and retention by exploring different views from the SMME owner and the scarce skills employees. Further Grünbaum (2007) defines a case study as an empirical investigation that examines a current phenomenon in its natural setting, where the boundaries between the phenomenon and context may not be distinct, additionally, it deals with a technically unique scenario where there are numerous variables of interest, but limited data points that rely on various sources of evidence that converge in a triangulating manner.

The multiple-case design is particular fitting for research that inquire about the “how” and the “why” aspects of a phenomena situated within a real-life context (Yin, 2009). Multiple case approach provide more robust evidence as it is data collected from various companies (Yin, 2009). Utilising a multiple case design enabled the exploration of emerging patterns by making comparisons between the SMME (Stewart & Gavin, 2020).

4.6 Time horizon

Cross-sectional approach was employed for the research this meaning the study focused on the current time frame only, this is due to the limited resources of time (Saunders & Lewis, 2018).

4.7 Population

In the context of research, a population refers to a collections of items, units or subjects that are the focus of the study (Bhatt, 2020). SMMEs in South Africa increased to 2,4 Million by 2020, but on the contrary employment in the sector decreased by 3 % which is about 300 000 people lost their jobs in the SMMEs sector (SEDA, 2022). The SMMEs number constitutes only 656 530 formal businesses and 1 580 155 informal businesses, in 2022 the SMME sector employed 10 058 355 people. Considering the scarce skill in South Africa 0,7 % of the business turnover contributed to electricity, gas, and water supply, 1,9 % of the business where in mining and quarry, and 26 % of the business turnover was in Manufacturing which contains both skilled and unskilled human capital (SEDA, 2022). The distribution of turnover among different sizes indicates that SMMEs are responsible for generation R2,3 trillion, which constitutes 22% of the total turnover of R10.5 trillion. However, medium-sized businesses contributed the smallest proportion of the turnover (10%) (Stats SA, 2019).

The research was focused on South African SMMEs that utilize scarce skills in their operations and the talent pool that is currently working in the SMME companies or have had experience working in the SMME. The research concentrated on SMME’s across four distinct threshold categories. These categories were determined based on the criteria outlined in the National Small Business Act of 1996, which was subsequently

amended by the National Small Business Amendment Act 2003 (2003). The study specifically addressed SMME's falling within these categories that encompass scarce skills. The research centred on the following sectors: Finance and Business Services, Construction, Motor trade and repair services and Mining and other services.

4.8 Unit of analysis

The first unit of analysis used is how the SMMEs acquire and retain talent with scarce skills. The individuals who possess scarce skills will also be analysed as a second level of analysis. Understanding, preparing, and implementing a case study involves a crucial concept known as the unit of analysis, which directs the case study focus area and what the case is about (Grünbaum, 2007).

4.9 Sampling Method and Size

Busetto et al. (2020) state that the process of research design should end when saturation is reached, this is when the researcher is not getting any new sufficient information from the process. Pandey and Pandey (2021), characterize an effective sample as one that represents the population of the group in terms of the critical properties, it should not include biases and must be comprehensive in nature while being practical for research. With that in mind, the study will use purposive sampling strategies to select the sample size, however, in selecting respondents, the key principle was to prioritize quality over quantity emphasizing the importance of working more extensively and attentively with a few SMME's rather than superficially with many (McCracken, 1988).

Bhatt (2020) states that it is advantageous to examine every single unit in the population to gain comprehensive understanding of the specific subjects, however, it is often unfeasible to study every individual or unit within the entire group. To address this limitation researchers employ a subset of the population which is selected and data is then collected from the smaller group (Bhatt, 2020). Subsequently, inferences and conclusion are drawn based on the findings from the sample, aiming to make valid assessments about the entire population (Bhatt, 2020). The prevalent guiding principle for evaluating the sufficient of purposive samples in qualitative research is saturation (Hennink & Kaiser, 2022). As data collection progresses, saturation is reached when all crucial aspects and insights have been thoroughly examined and no new information is being uncovered (Hennink & Kaiser, 2022). Further this signifies that the conceptual categories comprising the theory have been saturated resulting in a comprehensive and firmly grounded theory based on the data (Hennink & Kaiser, 2022).

According to Ollerenshaw, and Creswell (2002), the minimum number sample size using the case study approach is three to five participants. However, Hennink and Kaiser

(2022) studied various methods for evaluating saturation, illustrating that saturation can be attained within a number of nine to seventeen interviews. Moreover McCracken (1988) emphasizes that for certain research, as few as eight respondents may suffice, even though this might be considered a small sample from a quantitative perspective. McCracken (1988) further states that the sample group selected as not chosen to represent a segment of the larger population but serves as an opportunity to gain insight into the intricate nature on human resource management in the context of SMME's, the structure, and the logic of culture that is experience within the environment.

Taking this into consideration, the researcher aimed to study four SMMEs companies in South Africa, and interview the owner/s of a company together with one to two of their scarce skills employees. The study will employ a mixed strategy when selecting the samples, the study will ensure there is a decent spread in terms of industries that utilize scarce skills known as a quota strategy and on the contrary, the SMME selected will have to employ scarce skills in their company which is considered to be a criterion sample (Miles & Huberman, 1994). To meet the expectation of GIBS Masters in Business Administration examiners the researcher will conduct twelve to sixteen interviews on the topic, with a minimum time of forty-five minutes each (Myres, 2023).

The proposed criterion used by the researcher to select the companies

- Size of enterprise: The study will attempt to select SMMEs in different levels by their size according to the Act which divides them to Medium, Small, Very small and Micro based on the number of full-time employees. This was done because the size of company can affect the talent acquisition and retention strategies.
- Industry Sector: The study will look at SMMEs that use scarce skills in their operation and research will attempt to get a diverse industry sample
- Level of skills of the employees: This selection criterion is based on the scarce skills category selection where only employees who fall within the category were interviewed.
- Work experience of the employees: The study select individuals with diverse work experience in the industry. The aim of such an approach was to get a broader view and a representative sample.
- Gender of the employees: Gender diversity was considered when selecting a sample to ensure that both male and female perspectives are represented in research.

Triangulation was used to affirm that the study is reliable and valid by incorporating different methods, although Barbour (1998) contends that while it may be feasible to integrate paradigms, combining methods within a single paradigm can pose challenges, and this is because each method operates based on its unique assumptions regarding

the theoretical framework. Taking into consideration the author’s comment, respondent triangulation was used in the study as the data was collected from business owners and employees of the SMMEs, this is aimed at avoiding possible challenges that may occur.

4.10 Measurement Instrument

An interview guide was used to collect data that was used to investigate the research questions. Interview guides are effective when the researcher aims to comprehend the interviewee’s personal perspective on a phenomenon, as opposed to creating generalised understanding of large groups of people, the interview amplifies the voices of underrepresented groups in society (McGrath et al., 2019). Interview guides are used to prepare for the interview as some questions asked could be highly significant to the participant and may bring up emotional aspects of their lives, so it is important to test the interview guide before beginning with the data collection (McGrath et al., 2019). After each interview, participants were provided a chance to contribute to the topic by adding any information which did not come through during the interview.

Table 1

Interview guide

Research Questions	Interview Questions	Supporting Literature
What are the challenges faced by SMME’s in acquiring and retaining highly skilled talent?	What role does company culture play in attracting and retaining skilled employees in SMMEs?	(Hongal & Kinange, 2020)
	What are the unique challenges faced by SMMEs in acquiring highly skilled employees?	
	How do SMMEs attract and recruit highly skilled talent amidst tough competition in the job market?	
	What are the main factors that influence highly skilled employees to leave SMMEs for larger organizations?	
	What impact does the location of an SMME have on its ability to attract and retain highly skilled employees?	
	How do SMMEs measure and assess the success of their talent acquisition a efforts?	
What factors influence highly skilled employees to join SMME’s?	What role does the company culture play in influencing highly skilled employees to join SMMEs?	(Honore & Ganco, 2023)
	What role does the leadership and vision of SMME founders or executives play in drawing highly skilled employees to the organization?	
	How do SMMEs address the concerns of job stability and job security to attract and retain skilled talent?	
	How do SMMEs foster a sense of purpose and meaningful work to entice skilled employees to join their ranks?	
	What challenges or barriers might highly skilled employees perceive when considering joining an SMME, and how can these be addressed?	
	What attracts highly skilled employees to consider opportunities with SMMEs over larger, more established companies?	
What strategies can the enterprises adopt to attract these employees?	How do you perceive the role of company culture in influencing the decision of highly skilled employees to join an enterprise, and what aspects of culture do you find most appealing?	(Yildiz & Esmer, 2023)
	According to your observations, what are the key elements of an enterprise’s employer branding that can make it stand out as an attractive workplace for highly skilled talent?	
	From your insights, how do enterprises engage with local communities and educational institutions to establish connections and access skilled talent?	
	What measures do enterprises take to promote work-life balance and employee well-being, and how do these factors influence highly skilled individuals when choosing an employer?	
	Can you provide examples of successful employer-employee partnerships or collaborations that have contributed to enterprises’ ability to attract and retain skilled employees?	
	In your experience, what specific strategies or initiatives do you believe enterprises can adopt to effectively attract highly skilled employees?	

Note. Author’s own summary

4.11 Data gathering process

The researcher used semi-structured interviews as a data collection process and use the interview guide as a tool. Busetto et al. (2020) define the process of interviews as obtaining a deeper understanding of the individual's subjective experience, opinions, and motives. These are considered to be behavioural observations. Data collection in a systematic manner is important in research, and to achieve the goal the utilization of prepared open-ended questions serves as a valuable guide during interviews (Creswell & Creswell, 2017). This process allows for flexibility and depth in responses, allowing participants to express their perspectives freely in their own words. The pre-defined themes on the interview guides were guided by past research on the topic and was improved during the process as new insight is gained (Myres, 2023). Interviews offer the benefit of interactivity and the possibility of exploring unexpected topics, which may not be possible with a written survey which normally has an element of biases from the producer of questions (Busetto et al., 2020).

4.12 Analysis approach

Data collected from the interviews was transcribed using a transcriber and a software then the data was coded using relevant codes and categories to identify themes then at a later stage theories. The method to used inductive method of analysis as the research will attempt to validate existing theories through the findings by application of the codes and categories (Myres, 2023). In the first order analysis the information was consolidated into categories, commonalities and distinctions were identified amongst the information from the interviews. Gioia (2021) states that a manageable number of categories is around twenty, and the categories should be descriptive and retain informant terms whenever possible while describing the relevant theory. In the second order level of analysis, it is important to direct the themes towards the emerging concepts that have not been adequately explored in existing literature such as identity ambiguity and transitional identity (Gioai, 2021). From this data structure was created, which will serve as a visual representation of how all categories and themes are interconnected, depicting the progression of analysis from raw data terms to themes (Gioai, 2021).

Figure 2

The planned flow of data analysis



Note. Adopted from A systematic methodology for doing qualitative research Gioia (2021). <https://doi.org/10.1177/0021886320982715>

Thematic analysis was used to analyse data and it involves examining qualitative data to discover, analyse and report recurring patterns throughout the dataset, this method interprets data through the selection of codes and the development of themes (Kiger & Varpio, 2020). King and Brooks (2018) define themes as recurrent and distractive elements within participants' narratives, which encapsulate specific perceptions and experience deemed relevant by the researcher to the research question, and highlight key aspects that inform the investigation. Thematic analysis has the adaptability to be used in various theoretical and epistemological frameworks and can be applied to a diverse range of study designs, sample sizes, and research questions (Kiger & Varpio, 2020). King and Brook (2018) state that this method is frequently regarded as the foundation technique for identifying and analysing patterns within a qualitative data. The attractiveness of thematic methods for analysing qualitative data is partially due to the wide ranging applicability (King & Brooks, 2018), hence the researcher used this method to analysis the transcript from the interview.

The literature concerning thematic analysis frequently mentions codes and coding, alongside themes. In the context of this research, a code is understood as a brief remark or abbreviation associated with text segments, signifying content pertinent to the research objectives (King & Brooks, 2018). These codes will then evolve into themes as the analysis progresses.

A six-step process was used as a framework for conducting thematic analysis, adopted from Kiger and Varpio (2020).

Figure 3

Six-step process of conducting thematic analysis



Note. Adopted from Thematic analysis of qualitative data: AMEE Guide No.

131. *Medical teacher*, 42(8), 846-854. Kiger and Varpio (2020).

<https://doi.org/10.1080/0142159X.2020.1755030>

4.13 Quality controls

In addition to methodological transparency and complete reporting, reflexivity was considered. Reflexivity refers to the researcher's sensitivity to the relationship between themselves and the researched, which includes factors such as how the contact was made and maintained and the background experience of the researcher involved in data

collection (Busetto et al., 2020). This aspect is important to consider as the researcher cannot be separated from the research process.

Pilot interviews were conducted at the start of the process to improve on the interview guide and appropriate sites for the interview were selected to ensure both the interviewer and interviewee are comfortable (Myres, 2023). Due to the availability of time, most participants requested telephonic and online interviews.

Triangulation was used to test reliability and validity, although Golafshani (2003) states that testing for reliability in qualitative research may mean that the data is not good enough to present the author. He also argues that it is an important process when designing the study to incorporate the analysis of the results and judge the quality of the study. Golafshani (2003) further says that it is essential to evaluate trustworthiness to ensure its reliability. The trustworthiness was determined through credibility (through prolonged engagement and quality coding), Transferability (was conducted through purposive sampling), and Confirmability (where the recording were made and transcribed by a software)

4.14 Limitations

Objectivity may be difficult to maintain as the interviews were semi-structured and based on the interviewee's subjective experience and opinions, this incorporates an element of biases from the interviewees (Busetto et al., 2020). Further, the sample size used could obstruct the findings, as the study will cover a small population of SMMEs and Scarce skills labour, future research could look at a more diverse sample size looking at a variety of industries (Myres, 2023). Thematic analysis was used and Kiger and Varpio (2020) consider the method to have several challenges such as failure to adequately describe the assumptions underlying analysis, and a lack of adequate analysis, however, the author's state that using the six-step framework will assist in avoiding some of these challenges. The study will use a mono-methodological approach to collect data. This is important to note as it may limit the comprehensive and validity of the research findings as it narrows the understanding of the phenomenon being studied (Fourie, 2023). The resource-based view theory has three different views to position the argument and these different ways can lead to different conclusion (Barney, 2001). This research is only based on one view and further studies may consider other views to investigate an alternative argument.

5. Presentation of Results

5.1 Introduction

This chapter will present the findings and results of the study on talent acquisition within Small, Medium, and Micro Enterprises (SMMEs) facing the scarcity of skilled professionals. As the global business landscape evolves, SMME's play an increasingly vital role in driving innovation, fostering economic growth, and creating employment opportunities. However, these enterprises encounter distinctive challenges when acquiring and retaining critical skills.

The overarching objective of our research is to shed light on the dynamics surrounding talent acquisition in SMME's, particularly in the context of scarce skills. To achieve this goal, research questions were formulated to guide the inquiry:

1. What are the challenges faced by SMMEs in acquiring and retaining highly skilled talent?
2. What factors influence highly skilled employees to join SMMEs?
3. What strategies can the enterprises adopt to attract these employees?

Addressing these questions was critical in understanding the complex interplay of factors influencing talent acquisition in SMMEs and developing effective strategies to overcome challenges and capitalise on opportunities. By uncovering insights into the unique needs and preferences of critical skills professions, the aim was to provide actionable recommendations that will empower SMME's to compete for top talent in their respective industries.

In the subsequent sections of this chapter, findings derived from the empirical research, including data analysis, interpretation of results, and discussions centred on the identified themes. Through a comprehensive examination of challenges, factors, and strategies pertinent to talent acquisition in SMMEs, with the aim to contribute to the existing body of knowledge in human resource management and offer practical insights for organisational leaders, policymakers, and stakeholder invested in fostering talent development and innovation within the SMME sector.

The interviews were conducted remotely through Microsoft Teams and telephonically, with recordings made using a mobile application. Additionally, one interview was conducted in person due to the participants' proximity to the interviewer's location. The last interview was conducted telephonically without recording due to participant not being comfortable but willing to share insight. The interviews were transcribed using Descript, an application chosen for its reliability and ease of use.

Notably, no technical difficulties were encountered during this process. Furthermore, the transcriptions underwent through review by the researcher and were subsequently verified by a colleague to ensure accuracy and consistency. Each interview was structured to last between 30 to 45 minutes. Adhering to a predetermined framework. On average, the interviews were completed within a time frame of approximately 29 minutes per session. Three participants had few words to say, and interviews were conducted under 20 minutes.

5.2 Description of Sample

The following section presents a detailed description of the sample used in the study, which investigates talent acquisition dynamics within SMME's facing scarcity of skilled professionals. The participants were drawn from diverse roles, and in industries that employ critical skills according to the Department of Education, reflecting the multifaceted nature of talent acquisition challenges.

Table 2

Interview details from the Sample

Interview	Duration (min)	Position	Role	Industry
Respondent 1	38	CEO	Founder	Environmental Engineering
Respondent 2	25	Financial Manager	Employee	Mechanical and Civil Engineering
Respondent 3	45	Project Manager	Employee	Environmental Engineering
Respondent 4	31	HR Manager	Employee	Mechanical and Civil Engineering
Respondent 5	20	CEO	Founder	Finance
Respondent 6	36	Managing Director	Founder	Civil and Construction
Respondent 7	16	CEO	Founder	Manufacturing
Respondent 8	13	CEO	Founder	Electrical
Respondent 9	39	Managing Director	Founder	Housing Construction

Respondent 10	14	Artisan	Employee	Mechanical and Civil Engineering
Respondent 11	35	Managing Director	Founder	Mechanical and Civil Engineering
Respondent 12	30	IT Specialist	Employee	Mechanical and Civil Engineering

Note. Author's own summary

The study investigates the landscape of talent acquisition in SMMEs, particularly focusing on industries grappling with a scarcity of skilled professionals. The investigation is predicated on the understating that the challenges of attracting and retaining skilled labour are exacerbated in smaller businesses, which often compete with larger entities for a limited talent pool.

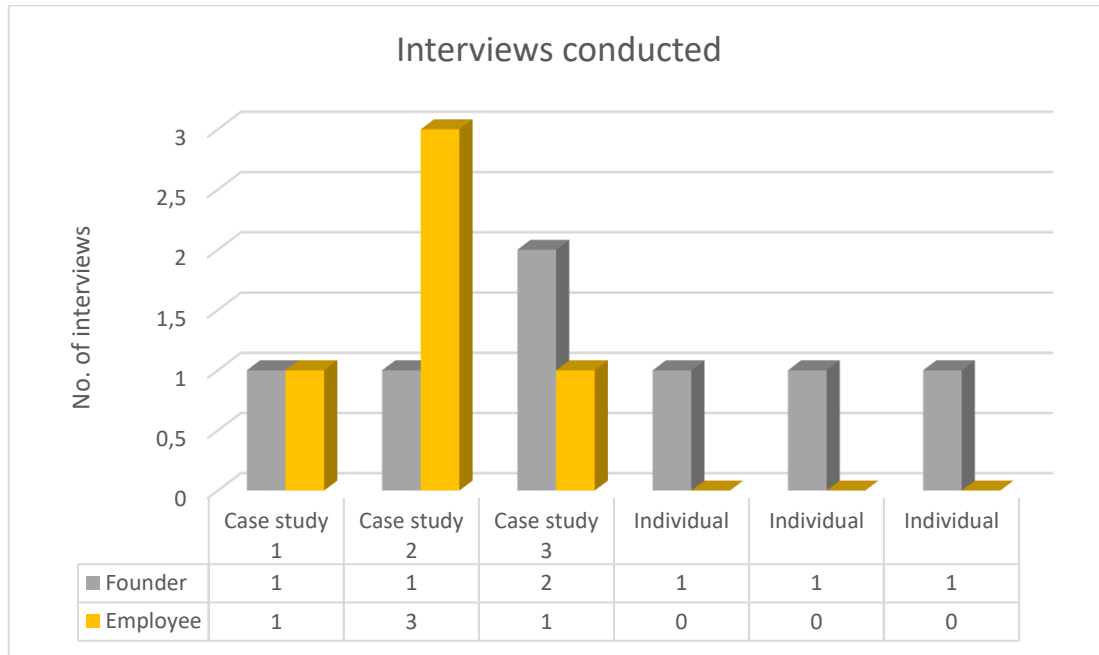
The participants were carefully selected to offer a panoramic view of these challenges across various sectors deemed critical by the Department of Education, including engineering (Environmental, Mechanical, Civil and Electrical), constructions, manufacturing, and finance.

The founders of SMMEs were included to be part of this study to provide depth and insight into the specific strategies and struggles faced by SMMEs in the different sectors. Their contribution is invaluable for several reasons. First, it highlights the unique position of SMMEs in a technical and highly competitive industry, where the demand for skilled professionals outweighs the supply. Second, it offers a first-hand account of the innovative approaches taken by smaller enterprises to attract and retain talent. Lastly, the respondents' experience underscores the broader economic and societal factors influencing talent mobility and career choices, providing a comprehensive understanding of talent acquisition dynamics within SMMEs. The study also included a diverse range of frontline employees across the critical sectors; the selection of the front-line employees reflects the study's commitment to capturing a broad spectrum of experiences and perspectives, ensuring a rich, multifaceted exploration of how SMMEs navigate the terrain of talent acquisition in the face of skilled professional scarcity. The Human Resource manager, Operations manager, Financial manager, IT Specialist and Artisan were selected to give a different point of view from a departmental perspective.

The initial plan aimed to undertake a case study format involving three interviews per organisation. Nonetheless, due to concerns expressed by employers about their employees' participation in these interviews, there was a strategic shift towards conducting individual interviews. This adjustment led to the completion of three case studies, alongside three separate interviews with company founders. This presented in figure 4.

Figure 4

Case study Orientation



Note. Author's own summary

Data analysis approach

5.2.1 Induction

The analysis adopted an inductive approach, also known as bottom-up, to understand the interconnections between categories. By leveraging the semantic relationships, valuable insights were gained into the conceptual linkage of the data categories. Additionally, within the framework of Grounded Theory Methodology, the study used coding families, among other tools, to effectively discern and establish the relationship among the data points (Urquhart, 2013).

5.2.2 Content, thematic or narrative

Thematic analysis is implemented through various methodologies, presenting challenges for novice qualitative researchers in selecting the most appropriate method. The presumption is that often a researcher will choose a method that is either familiar to them or prevalent within the specific field, which may not necessarily align with the optimal requirements of their study. Due to these challenges, a generic style of thematic analysis was employed in this research, as it does not have any philosophical underpinnings (Kings & Brooks, 2018).

Thematic content analysis was used to analyse the data, as analysis concentrated on recurrent patterns and dominant themes, which enabled the interpretation of intricate qualitative datasets (Bergin, 2018). The frequency of various themes within the dataset was analysed, as well as the co-occurrence of specific themes and words, to gather meaningful insights.

5.2.3 Coding

Tools and techniques used:

Open Coding

Initially, I separated the collected data methodically, assigning conceptual labels to chunks of data to uncover underlying patterns and codes. This process assisted in identifying initial categories that emerged directly from the data, allowing for a better understating of the talent acquisition study.

Table 3 provided outlines the distribution of codes assigned per interview. It is important to note that this table does not account for instances where codes are duplicated within multiple interviews. In total, the process of coding involved both manual efforts by the researcher and automated coding via Atlas.ti software, resulted in the creation of 391 unique codes. This comprehensive coding effort aimed to categorise and analyse the data effectively, using both human insight and technological assistance to ensure a robust analysis.

Table 3

Response code

	Number of codes
Respondent 1	117
Respondent 2	68
Respondent 3	145
Respondent 4	84
Respondent 5	62
Respondent 6	171
Respondent 7	17
Respondent 8	51
Respondent 9	113
Respondent 10	30
Respondent 11	129
Respondent 12	25

Note. Author's own summary

Table 4 offers a selection of examples from codes generated during the open coding stage of the analysis, specifically focusing on talent acquisition within SMMEs. These codes capture the nuanced perspectives, challenges and approaches employed by SMMEs in attracting and retaining skilled scarce labour.

Table 4

Codes vs Quotes

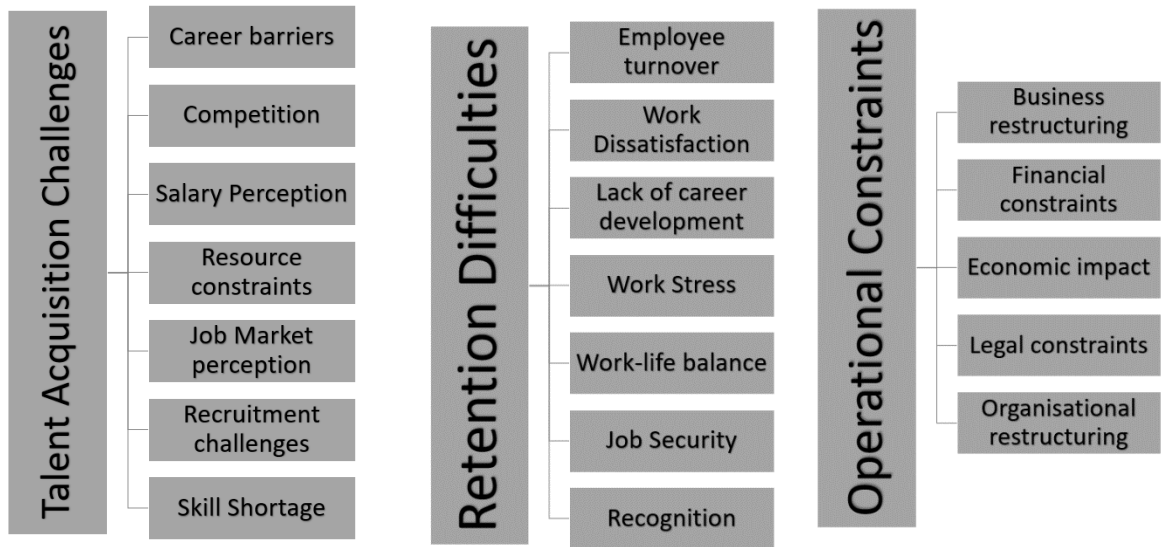
Code	Quote
Career transition	"I've been Project Manager for six years, but recently appointment into an operation manager role, and I have been 2 years in the role, which means more responsibility" (Respondent 3)
Challenges	"They may feel like it is more training ground for them to move on to, you know, bigger companies. So that's the main challenge. It's the retention, but we're working on that. Well, I'm working on that. Because I don't want to be a training ground forever." (Respondent 1)
	"It's attracting and retaining, employees. Unless, you are able to sell them your dream or your vision or what you're trying to achieve. They will leave after gaining experience" (Respondent 3)
	"as a small company in our country its difficult, people are taught that for you to be successful, you must work for a very big company, known companies like big giants." (Respondent 11..)
Culture	"I think one would need an open door policy for employees. If employees are unhappy about certain things, they must feel free to talk to their managers."(Respondent 4).
Mentoring	"I think it is the continuous mentoring and the development of the students that can retain them in the company. Take them to courses and expose them to symposiums. So that student will feel that I'm actually valued here." (Respondent 11).
Job Security	Yeah. Plus when you're working you'd want to have something that is secure. SMEEs, most of them, don't have those benefits that big companies have, you know, stuff like that (Respondent 2). Most SMMEs especially that are run by black people, they focus on short term jobs. If most SMMEs could focus on long term jobs, like jobs that deal with maintenance. I think that could give people a sort of security to say if I join this company I'm going to work for this company for three years or for four years, which is a longer period than joining a company that's going to last for a couple of months. (Respondent 4)

Axial Coding

The axial coding then involves connecting the categories identified during open coding with their related sub-categories. This includes mapping out the relationships between codes and refining them by specifying their properties and dimensions, thus enhancing the depth of understanding of the research questions. The codes provided from open coding were further analysed and grouped through a more focused lens, and possible relationships were identified by using the research questions.

Figure 5

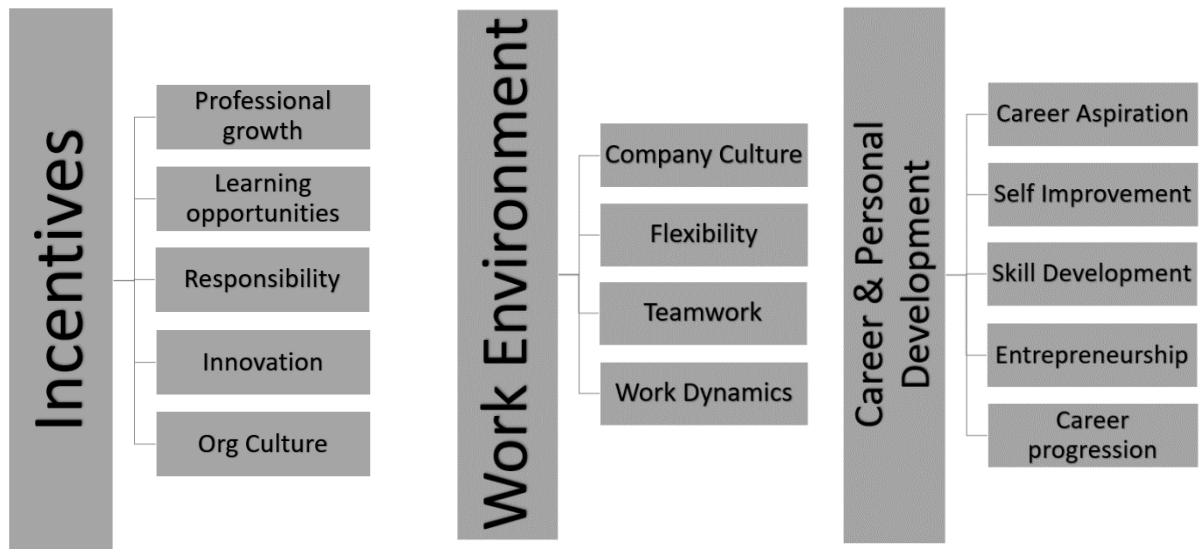
Axial coding based on Research Q1: Challenges in Acquiring and Retaining Talent



Note. Author's own summary

Figure 6

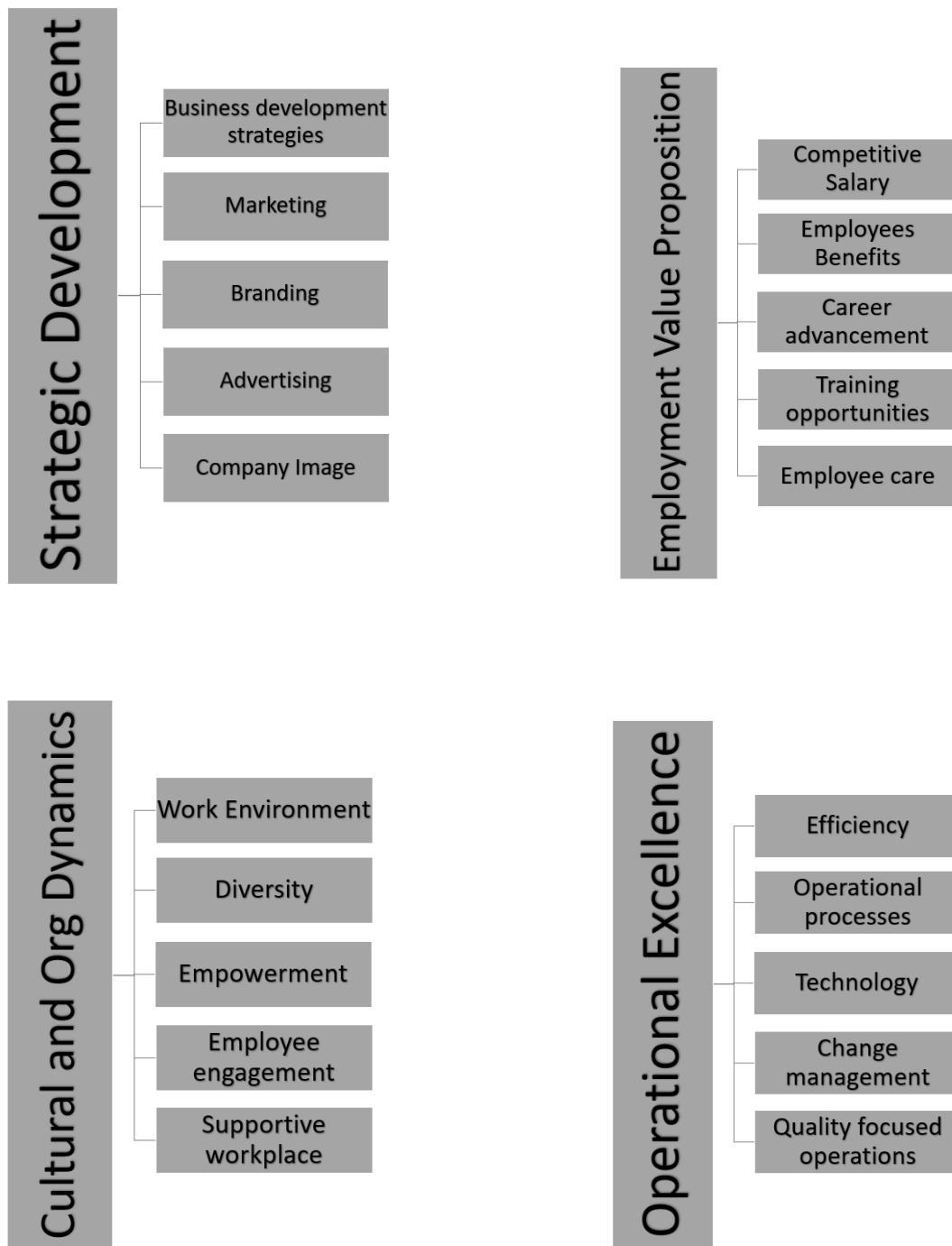
Axial coding based on Research Q2: Factors influencing Employees to Join SMMEs



Note. Author's own summary

Figure 7

Axial coding based on Research Q3: Strategies to Attract Employees



Note. Author's own summary

Selective Coding

This was considered the last phase by the researcher, and focus was placed on selective coding to synthesise the data around a core category that encapsulates the central phenomenon of the research; from here, themes emerged and facilitated the integration of the data into a coherent theoretical narrative.

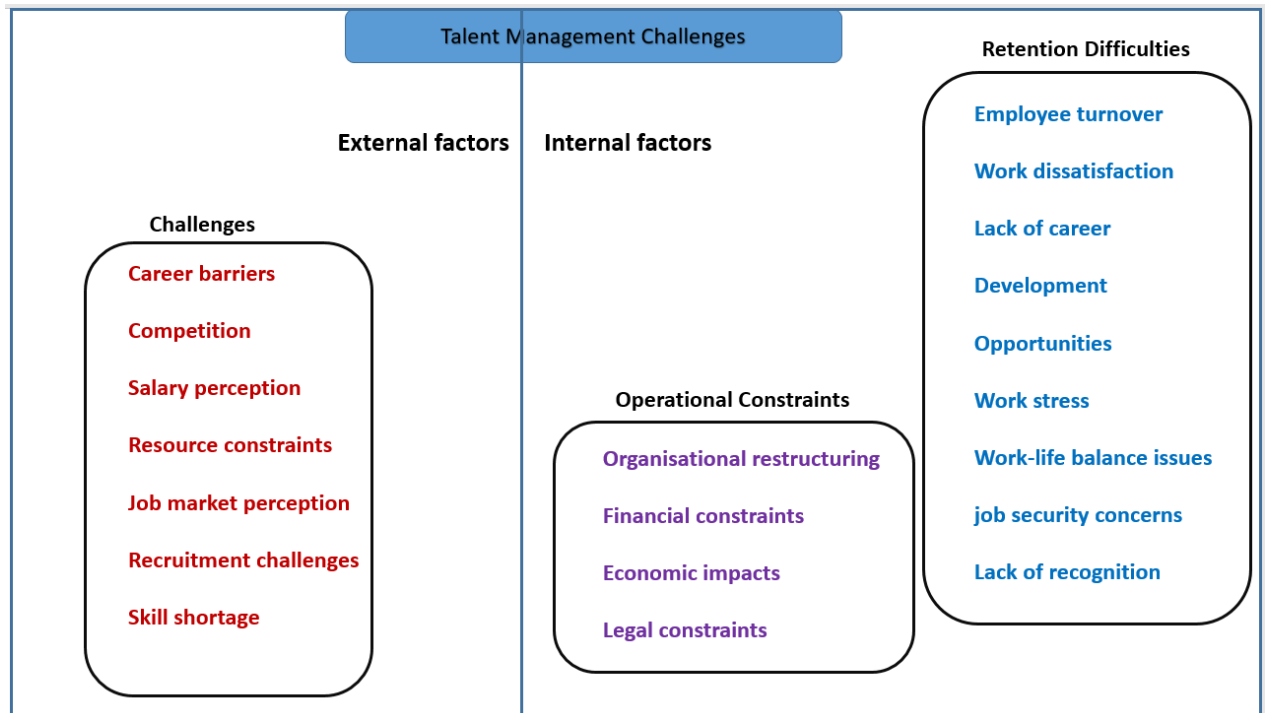
Research Q1: Challenges in Acquiring and Retaining Talent

Core Theme: Talent Management Challenges

The challenges in acquiring and retaining talent can be synthesised into a broader category of talent management challenges, which encompass both the acquisition and retention phases. The acquisition challenges, such as career barriers, competition, salary perception, resource constraints, job market perception, recruitment challenges, and skill shortage, highlight the external and internal pressures SMMEs face in attracting qualified candidates. On the other hand, retention difficulties like employee turnover, work dissatisfaction, lack of career development opportunities, work stress, work-life balance issues, job security concerns, and lack of recognition reflect the internal SMMEs' challenges in keeping employees engaged and satisfied. Additionally, operational constraints such as business and organisational restructuring, financial constraints, economic impacts, and legal constraints further complicate talent management strategies. Integrating these factors into a coherent narrative, it becomes evident that overcoming talent management challenges requires a holistic approach that addresses both the external market dynamics and internal organisational practices to create an attractive and supportive work environment. Figure 8 illustrates the above in a summary.

Figure 8

Talent Management Challenges illustration



Note. Author's own summary

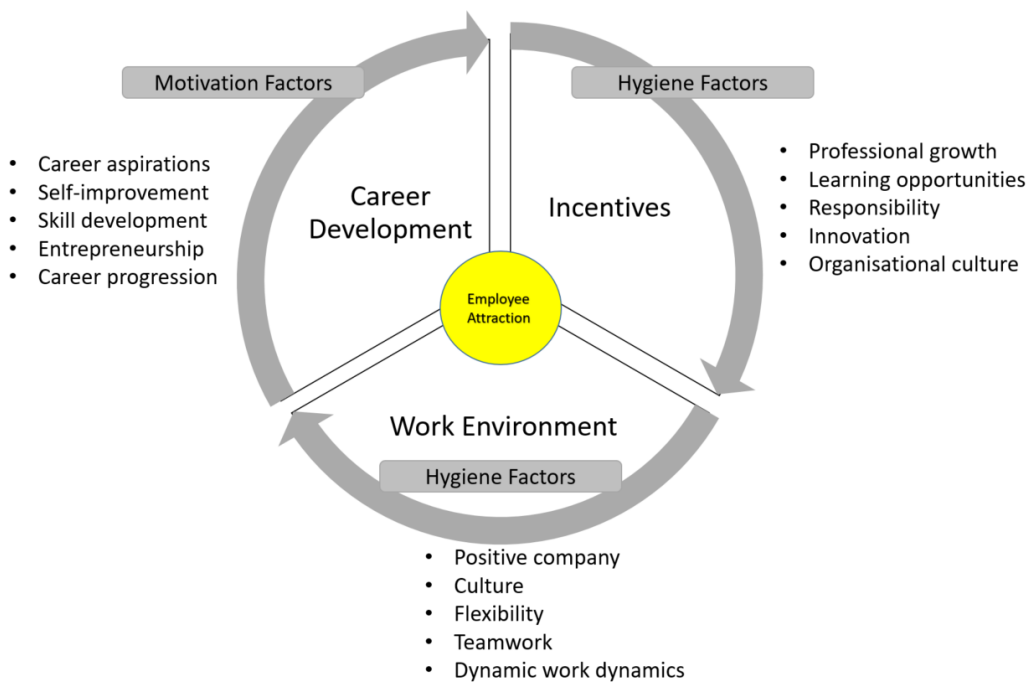
Research Q2: Factors influencing Employees to Join SMMEs

Core Theme: Employee Attraction

The factors influencing employees to join SMMEs merge around the core category of employee attraction to SMMEs. This attraction is driven by incentives such as professional growth, learning opportunities, responsibility, innovation, and an organisational culture perceived as more readily available in smaller business settings. Additionally, career and personal development opportunities like career aspirations, self-improvement, skill development, entrepreneurship, and career progression are significant motivators. The attractiveness of the work environment, underscored by positive company culture, flexibility, teamwork, and dynamic work dynamics, further contributes to the appeal of SMMEs. This narrative suggests that employees are drawn to SMMEs for the unique blend of professional development opportunities and a supportive, innovative work environment that larger organisations may not provide as effectively.

Figure 9

Employee attraction



Note. Author's own summary using Frederick Herzberg Motivation theory

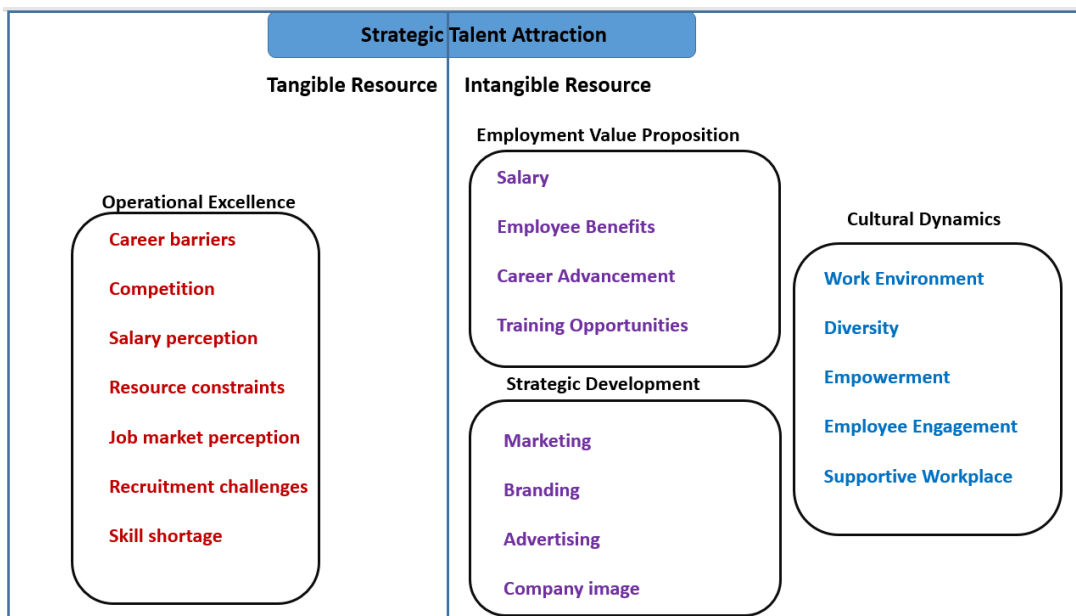
Research Q3: Strategies to Attract Employees

Core Category: Strategic Talent Attraction

The strategies to attract employees integrate into a core category of strategic talent attraction, emphasising a multi-faceted approach to building a compelling employer brand. Strategic development efforts like business development strategies, marketing, branding, advertisement, and enhancing the company image are critical in attracting talent by positioning the organisation as an employer of choice. The employment value proposition, including competitive salary, employee benefits, career advancement opportunities, training opportunities, and employee care, underscores the tangible and intangible benefits offered to employees. Cultural and organisational dynamics, such as creating a positive work environment, promoting diversity, empowering employee engagement, and creating a supportive workplace, enhance the organisational appeal. Operational excellence, through efficiency, effective operational processes, technology adoption, change management, and quality-focused operations, demonstrates the organisation's commitment to high standards and innovation. Combined, these strategies form a comprehensive approach to attracting talent by showcasing the organisation's strength, culture, and values, thereby appealing to potential employees' desires for growth, development, and a positive work experience.

Figure 10

Strategic Talent Attraction



Note. Author's own summary

5.2.4 Quality

Interviews

Several strategies were implemented to ensure the quality of interview data, drawing from established research methodologies. Key to this process was selecting interviewees with direct experience in the field, ensuring the discussions were grounded in authentic, first-hand insights (Flick, 2018). To encompass a wide range of viewpoints, the interviews were designed to be open-ended questions and used probing techniques to encourage detailed responses, especially where interviews were shorter and lacked depth in certain areas. This method assisted in achieving comprehensive and balanced interviews, covering the topic thoroughly.

Accuracy and credibility were important; most interviews were recorded and transcribed after they were conducted to maintain the integrity of the data, and those that could not be done immediately after the interview were transcribed within the same week. Selected informed participants enhanced the credibility of the insights gathered, as their responses were based on personal experiences rather than hearsay.

The quality of the interview was further supported by the preparation, effective interaction during interviews, and transparent reporting of the findings. In situations involving the use of a different language for a participant who could not articulate herself in English, I ensured clear communication by mixing between the two languages during the interview and translating the interview immediately after completion.

Credibility

The researcher implemented a participant feedback process to enhance the quality and validity of the analysis. This involved engaging a portion of the participants not just as research subjects but as active contributors in reviewing and refining the analytical process. This involved anonymous reviews of the selected coding examples to involve them in more immersive co-researcher roles. The aim was to ensure a more inclusive and comprehensive approach. The participatory feedback mechanism was crucial in enriching our research findings and ensuring they resonated with the experiences and perspectives of the participants involved.

5.3 Presentation of Results and Analysis

5.3.1 Research Question 1

What are the challenges faced by SMMEs in acquiring and retaining highly skilled talent?

The intention behind the research question was to gain an understanding of the difficulties faced by SMMEs in both recruiting and retaining employees with scarce skills and if there are specific hurdles SMMEs encounter in building and maintaining a skilled workforce.

- **Dilution of University Curricula and experience gap**

The dilution in the university curricula over the years has had an impact, leading to a gap in the specific skills and critical thinking abilities essential for being a qualified professional. This shift in educational quality has posed challenges for employers, who now have to be exceedingly selective about the academic institutions from which they recruit. The issue is not about the availability of skilled individuals but also the depth of their experience. Employers find it particularly challenging to locate skilled and experienced people, indicating a broader problem where the educational system is not adequately preparing students with the practical experience needed to excel in their field.

“The challenge is in the base/foundation, there is dilution of the curriculum by the university institutions... I have to be extremely selective of the type of universities where I get people” (Respondent 1).

“An example of scarce skills... is the skilled and the experienced artisans... it is that experience part that we are lacking” (Respondent 3).

- **Flat Organisational Structure**

In SMMEs, the adoption of a flat organisational structure, characterised by minimal hierarchical levels, can inadvertently constrain the potential for career advancement among employees. This limitation often leads to challenges in retaining talent, as individuals may perceive their positions within these organisations as merely temporary waypoints en route to more promising opportunities in larger, more hierarchically structured companies. Such a perception stems from the realisation that the scope for ascending through the ranks in a flat structure is inherently limited, making it difficult for employees to envision a long-term career path within the same organisation.

“The problem with small companies is that we have a flat structure, so there’s probably like two levels... The people who are coming in, may feel like they don’t have more broad opportunities” (Respondent 1).

- **Perception of Limited Talent Pool**

Initially, there seems to be a perception that highly skilled talent is limited and concentrated among a few individuals. However, the respondent later clarified that, particularly in the accounting and auditing sector, there is a plentiful supply of emerging professionals seeking opportunities.

“Yeah, I think it is limited, they are possessed by a few individuals, it is not a lot of people with those skills” (Respondent 5) but however “there is plenty of people that are looking for something to do or that are looking for work to come into the accounting and auditing world. So there are challenges in attracting the skilled individuals” (Respondent 5).

So, this statement makes it seem that the challenge does not exist in the accounting and auditing industry, as the respondent further states. Despite the perception of scarcity, there is an abundance of aspiring professionals looking to enter the accounting and auditing sectors, pointing to a dynamic where the issue lies more with recruitment and the appeal of opportunities rather than an outright shortage of talent.

“We get someone who does not have experience because we also want to give skills to those that are leaving university, and if we hire based on experience this means we are limiting the recently graduated people” (respondent 5).

By prioritising the inclusion of recent graduates who lack extensive experience, firms aim to contribute to the professional development of newcomers. This strategy, while potentially limiting immediate access to experienced talent, underscores a commitment to broadening the skill base of the workforce by offering practical opportunities to those fresh from university, thereby addressing the perceived talent gap constructively.

- **Technical Skill Shortages**

In the labour market, the ease of filling positions varies significantly depending on the skill sets required for the roles. For non-technical roles, finding suitable candidates tends to be more straightforward. However, a unique challenge emerges when it comes to sourcing technical talent. This difficulty is attributed to the market being inundated with individuals who lack the necessary experience. The abundance of inexperienced candidates in the technical field creates a paradox where, despite a seeming surplus of potential employees, the specific demand for seasoned professions remains unmet.

“In terms of getting technical people, the market is actually saturated by inexperienced people” (Respondent 7).

- **Incentive and Recognition**

The challenge faced by SMMEs in attracting and retaining talent often stems from their inability to offer comprehensive benefits and effective recognition systems. Unlike larger corporations that can provide extensive health insurance, provident funds, and structured recognition programs, SMMEs often lack the resources to offer such benefits, making them less appealing to individuals seeking job security and stability for themselves and their families.

“Most SMME do not have the benefits that companies have... So, you are unable to actually feel safe” (Responded 2).

This deficiency affects the attractiveness of these enterprises as employers and their capacity to maintain a satisfied and motivated workforce. Employees, inherently seeking affirmation and reward for their contribution, gravitate towards environments where their efforts are visibly acknowledged and valued. The absence of such recognition in some smaller companies can lead to a disengaged workforce, highlighting the importance for SMMEs to develop alternative strategies to acknowledge and reward their employees' contributions effectively, thereby fostering a more ideal supportive working environment.

“There’s no proper recognition systems that are put in place for a person to feel recognised... at the end of the day I am looking for an ideal working environment and that’s what I try to provide for them” (Respondent 1).

- **Retention over Acquisition**

The challenge of retaining talent within SMMEs often revolves around aligning individual employees with the team's culture and working style, rather than issues related to technical skills or performance. This insight reveals that interpersonal dynamics and compatibility play a crucial role in the longevity of an employee's tenure within a company. As a result, some SMMEs have adapted their hiring strategies to prioritise not just technical expertise but also the potential for a cultural fit within the team. This approach includes a preference for social individuals who can easily integrate and collaborate with existing team members, emphasising the importance of social dynamics in the workplace.

“I think with me, everyone that has left has been because they do not fit well with the team, I prefer sociable people” (Respondent 6).

“So what happens with my employees is that I employ young people... So I try to keep my staff a little bit young because then they get to relate with each other” on

top of that *“I am hiring people to come and deliver a service. So I avoid introverts, I know I will not hire them because generally there are people that you can work and those you cannot”* (Respondent 6).

In addressing retention challenges, it becomes evident that the issue is not merely attracting talent in a market with high unemployment rates but ensuring that these individuals are a harmonious fit for the company's culture and working environment.

“Interestingly, there's very high unemployment rates in the country right now, so getting people is not much of a problem... The problem is not acquiring, I mean getting the right skill, but it is retaining the talent” (Respondent 1).

“They feel like SMME are more training ground for them to move on to bigger companies, and that the main challenge” (Respondent 1).

Respondent 11 candidly addresses the difficulty SMMEs face in competing with larger corporations for skilled talent and suggests a pragmatic approach to employee recruitment and retention.

“I think we must just bite the bullet and just accept that we are training employees for the larger companies with more job securities” (Respondent 11).

This suggests that instead of competing on salary alone, SMMEs might focus on maximising the potential of employees who may not be the top choice for larger corporations.

“Let us have the best that is not good enough for the corporates, and maximise on that” (Respondent 11).

Highly skilled workers often receive better offers from larger companies, making loyalty and retention a significant challenge for SMMEs. However, this issue is not unique to SMMEs only; it is felt even between large companies, where they find themselves competing for the same talent pool.

“The issue of skilled workers is that they get poached and receive better offers elsewhere... but large companies face the challenge as well” (Respondent 9).

- **Operational Process**

The operational infrastructure of SMMEs plays a significant role in shaping perceptions of their credibility and professionalism, which in turn affects their ability to attract and retain talent. A notable challenge for many SMMEs is the absence of formalised operational processes, such as having professional email domains and websites. This lack of sophistication in the basic element of business operations can lead to scepticism among potential employees, who may question the legitimacy and stability of the

company. Such initial doubts are particularly detrimental in a competitive job market where the appearance of professionalism can significantly influence career decisions.

“Most small businesses don’t have operational processes in place... for example if you are using a Gmail account, it flags that maybe that might be just a scam” (Respondent 4).

Moreover, the challenge extends beyond first impressions to the practicalities of executing business operations, especially in industries requiring adherence to specific standards. For example, the difficulty of ensuring that structural engineers certify projects in varying locations, from rural to urban areas, underscores the complexities involved in maintaining consistent service quality. This requirement not only impacts the operational efficiency of SMMEs but also affects their ability to retain employees who find logistical challenges and lack of established processes frustrating. The discrepancy in operational standards between different areas further complicates the situation, making it harder for SMMEs to project a uniform standard of professionalism and reliability, essential for both attracting new talent and retaining existing skilled employees.

“Getting a structural engineer to go certify a house or a structure within the rural areas as compared a structure in the urban areas is difficult” (Respondent 9).

- **Trust and Credibility**

Gaining trust and establishing credibility pose significant hurdles for start-ups, especially when attempting to attract skilled talent and secure client confidence. The challenge is particularly pronounced for founders who may not have formal qualifications directly related to their business sector. Such scepticism often translates into difficulties in convincing skilled professionals to commit to the company, especially without offering equity as an incentive. This scenario illustrates the delicate balance start-ups must navigate between attracting talent and managing ownership stakes.

“And for start-up companies, it is not easy for any other person to trust us or be willing to stand with us throughout the process without asking for shares in the company” (Respondent 8).

Moreover, transparency about the company’s financial health and strategic direction emerges as a crucial element in building trust within the team. Keeping employees informed about the company’s current financial situation and future plans can provide them with a sense of stability and confidence in the leadership. This open approach to communication fosters a culture of trust, where employees feel more secure in their roles and committed to the company’s vision.

“Having then know, the financial standings of the company gives them surety of were the business is heading” (Respondent 9).

- **Job Security**

There is an inherent risk and uncertainty associated with the longevity and stability of SMMEs, which can deter scarce skilled individuals from joining. This apprehension stems from concerns about whether a newly established or small business will endure and prosper over time, with worries centred on the company’s existence several years into the future.

“There are challenges such as job security because you are not sure if this business that is starting out will actually work out. Will it still be around in the next four or five years?”(Respondent 2).

SMMEs often focus on short-term jobs, which do not provide the same level of job security as long-term positions typically offered by larger companies.

“Most SMMEs especially that are run by black people they focus on short term jobs... if small businesses could actually implement listing of benefits in the companies, having long term project... I think that could give a sense of security for each and every employee joining the company” (Respondent 4).

Skilled individuals often prefer to work for larger, well-known companies due to the perceived benefits and job security these companies offer. This leaves SMMEs to rely on hiring experienced professionals during big company restructuring or fresh graduates, who may not initially see the value in working for smaller enterprises.

“Most people in our country, are taught that for you to be successful you must work for a very big company or known companies... so now people will actually want to go and work for those companies because of the benefits that come and the security is longer” (Respondent 11).

“SMMEs offer part time jobs or temporally jobs, the advantage with them is that you gain the experience not offered by big companies” (Respondent 12).

- **Resource constraints**

SMMEs operate with limited budgets, particularly for staffing. This necessitates a versatile workforce capable of handling multiple roles, which can be a deterrent for specialists seeking focused roles. Another significant challenge is the ability to offer competitive salaries compared to larger organisations; this makes it difficult to attract scarce skill talent who often seek better remuneration for their skills.

“We are unable to attract top talent because we cannot pay competitive rates... we end up having to spend time and resources developing our own” (Responded 3).

“Sometimes its hand to mouth... we battle with salaries come end of month because we do not have large reserves” (Respondent 3).

On the contrary, despite being a smaller entity, some firms ensure its offerings, including salaries and job experiences, are competitive and market-related. This approach aims to make SMMEs as attractive as larger firms.

“We are very flexible, the offerings that we provide is competitive with large companies” (Respondent 5).

While some business owners are quick to pull out of investment to save their personal finances, demonstrating a lack of long-term vision and commitment to business growth. This mind-set can deter skilled talent from seeking stability and growth opportunities in their employment. There is a noted lack of belief in the business’s future, leading to a failure in investing in growth and development. This lack of investment make it challenging to attract and retain employees who are looking for development opportunities.

“Our black brothers in business pull out quickly to save themselves. They would say, I have ten million and I don’t have a project. If I take this thing down, at least I have ten million to survive. Instead of saying, I have ten million let us all try and survive until we get another project” (Respondent 6).

There is a reliance on tendering for projects for some SMMEs that are starting up, and this introduces uncertainty in revenue, affecting the company’s ability to maintain a steady workforce.

“ So it happens that we go through a few months without a job, obviously you cannot keep the employees and keep on paying them, we have to let them go” (Respondent 8).

Financial instability has been highlighted as a challenge in retaining employees, when companies struggle to get clients the employee ends up not getting paid. The consistency in providing employment in bad financial conditions is difficult and hence most SMMEs employ on project basis which does not give security to potential employees requiring stability.

“As a result we would go without pay for almost two months as we would be waiting for the company to have money then we can also get paid... It will be rare for people tone employed full time, it was on project basis... the only reason I stayed

that long was that I could the vision of the manager and I was family and had to support his vision” (Respondent 10).

5.3.2 Research Question 2

What factors influence highly skilled employees to join SMMEs?

The research question was aimed at understanding the motivators and considerations that attract highly skilled professionals to work in smaller businesses rather than larger corporations. The intention is to gain a comprehensive understanding of the dynamics at play when highly skilled employees consider employment opportunities in SMMEs, enabling stakeholders to address gaps, leverage strengths, and ultimately foster a more vibrant and competitive small business ecosystem.

- **Broadening skills set**

The opportunity to gain experience and grow within the company can be a compelling reason for highly skilled individuals to join an SMME, especially when larger corporations require experience they may not have.

“I did not have any work experience and that is the requirement for big companies that you need to have a certain number of years of experience in a certain field so that you qualify for a job” (Respondent 2).

The diverse range of task and responsibilities given to employees can attract individuals seeking varied and comprehensive work experience, this allows for rapid growth and career advancement, the lack of red tape and the direct impact of one’s work on the company’s success can be appealing.

“You get to do more than engineering work... You find yourself doing job cost estimates, you are invoicing, and you are managing safety” (Respondent 3).

“I do everything that is required off me” (Respondent 12).

SMMEs offer a broad range of experiences across various industries, which is appealing for professional growth. This exposure is contrasted with larger companies, where employees might have a more narrow focus.

“I think if you go for a small entity, the experience that you get there is very broad. You get to work with clients from different industries... the guys from small companies are more equipped in the world and can work in any industry” (Respondent 5).

This is further supported by respondent 7 stating,

“In big companies you only learn one particular segment of the industry, but in small companies you learn everything From A to Z” (Respondent 7).

“He encouraged us to close all gaps that exist in the company, so no one will say this is not my job, I got exposure to do everything in the company and got personal growth” (Respondent 10).

As much as SMMEs offer a broad range of experience, SMMEs often require employees to wear multiple hats and handle a variety of tasks, providing the broad experience.

“When a person is hired into a role in small company, you want someone that is able to fill multiple roles due to the resource limitation within a company... then you get value for the money you are paying them” (Respondent 11).

- **Enhancing employee engagement**

In SMMEs, the intimate work environment fosters unique opportunities for employee engagement that are less common in larger corporations. The direct access to leadership and personalised coaching in SMMEs can offer a unique learning and development opportunity that might not be as readily available in larger organisations.

“I had freedom of actually being able to communicate or talk to people who are above me... I was able to work with the people who are owning the company and actually getting to know what is required and to do it with their coaching.” (Respondent 2)

“I wanted life to have meaning... I want to know that I matter and my contribution matters” (Respondent 3)

There is an importance of personal connections and understanding between management and employees, suggesting that a caring and involved management style can make SMMEs more attractive to skilled talent. The leadership’s ability to maintain close relationship with their team, being aware of personal milestones and challenges, cultivates a culture of care and support that resonates with the workforce.

“As a leader, I know who has relationship problems, who wants to propose, and who wants to do what. They talk to me because I have created that culture and they relate to me because I am a young person as well” (Respondent 6).

Some potential employees are attracted to a specific SMME due to the sense of unity and being part of a family. This close-knit environment can be appealing for individuals looking for a more personal connection to their workplace.

“People use to get attracted by the fact that we are close and they all see us as one unit... the only reason I stayed that long was that I could the vision of the manager and I was family and had to support his vision... His vision was big and would be the reason I wake up to go to work in the mornings” (Respondent 10).

In smaller companies, employees can see the direct impact of their work and feel a strong sense of contribution and recognition, fostering a deeper connection to their job and company.

- **Company Culture and Leadership**

The environment is considered an important aspect in attracting the right skills, so creating a relaxed work environment where dress codes are flexible, and there is a sense of independence is important for some small entities.

“I created an environment that is more relaxed, for instance, when you’re working in an office people think your dress code matters, but really it does not matter... I operate a fun environment... it is a matter of are you able to produce... not if you’re going to do it wearing a suit or everything is quiet in the office” (Respondent 6).

With some SMMEs there are a desire for a working environment that values smart work over mere visibility, indicating that a culture that prioritizes efficiency and results over long hours can be attractive.

“I prefer people who work smart. I do not encourage people who cross night to complete a project. I do not encourage people to work late, but they have to work and complete work on time” (Respondent 7).

However, some SMMEs feel it is important to separate professional and social interactions with their employees, fostering a positive culture that has a clear line that should not be crossed. Although the covid era made this very difficult for many companies as implemented a work from home, which combined the two settings.

“So culture is a very difficult aspect, it is important that it builds and gives a tone to the direction in which the company is heading... If you are setting a right culture within the work space, it has to be easy to separate engagements in an entertainment space and a professional setting” (Respondent 9).

This quote from Respondent 9 highlights the difficulty between being able to maintain a professional setting at work, while you interact with the same people in social setting as friends or neighbours. This is because the smallest companies tend to employ within their communities.

5.3.3 Research Question 3

What strategies can the enterprises adopt to attract these employees?

The research question was aimed to focus on identifying effective methods and approaches that small enterprises can use to attract potential scarce skilled individuals. The intention behind this question spans several key areas to provide actionable insights and practical guidance for these businesses to enhance their talent acquisition process.

- **Branding and Culture**

The strategic importance of branding and fostering a supportive company culture is paramount for SMMEs, aiming to attract and retain scarce skills talent. A deliberate approach to branding not only shapes public perception but also signals to potential employees the values and ethos of the company. This alignment between an individual's values and company's culture plays a critical role in not just attracting, but also retaining talent that is passionate about their work and not solely motivated by financial gain.

"I need to brand myself in a certain way. I want to attract the kind of people who care about their jobs, not people who are desperate that they are willing to do anything and everything to just get their salary" (Respondent 1).

A culture that aligns with the employees' values and offers support for their well-being can be a compelling reason for skilled individuals to join and stay with an SMME. This is especially significant in an era where work-life balance and alignment of personal and professional values are increasingly prioritised by skilled professionals.

"Some companies have cultures that contradict with what we believe in... it is very important to actually join a company where you feel at home" (Respondent 4).

Some SMMEs feel it is important to increase the company's visibility through branding, community engagement, and active participation in social and business activities. This includes leveraging social media and other platforms for broader recruitment reach.

"Once you start a company, you need to brand yourself... your cars must be branded... you must have banners... be on social media so that people can see you must be in everybody's face for them to recognise you exist" (Respondent 11).

"Logo's and posters don't work, branding should involve community outreach... giving back to the community... no matter how small" (Respondent 2)

- **Incentive schemes and employee benefits**

In the competitive landscape of talent retention and attraction, SMMEs can significantly benefit from implementing incentive schemes and comprehensive employee benefits. The provision of financial perks, such as provident funds and medical aid, goes beyond the standard salary offering and plays a crucial role in creating a supportive work environment.

“Maybe SMMEs can actually implement or put in place measures like provident fund and medical aid” (Respondent 2).

Moreover, the emphasis on building a stable financial foundation, particularly through cash flow reserves dedicated to salaries, underscores the importance of acknowledging and valuing employees’ contributions.

“Focus should be placed on building cash flow reserves, especially for salaries” and ensuring “people are recognised, make sure people understand that they matter” (Respondent 3).

- **Leadership Reflection and Adaptation**

The role of leadership in the retention and attraction of talent within SMMEs cannot be overstated. A leader’s self-awareness and their ability to fulfil their expected role within the company are pivotal in creating an environment that not only attracts but also retains skilled individuals. This process begins with the leader’s ability to effectively communicate the company’s vision and future aspirations, making it essential for leaders to articulate their dreams and objectives in a way that resonates with potential and current employees.

“Recognising who I am and the expected role that I need to play in the company, plays a big part in the retention of talent, which is why leadership plays a critical part in attracting people” (Respondent 1).

The articulation of a company vision and future aspirations can attract talent aligned with the company's goals.

“You have to be able to sell your dream or vision or what you are trying to achieve” (Respondent 3).

The importance of involving employees in the company’s vision and culture to foster a sense of ownership and belonging was highlighted as one of the aspects to influence employees to join and stay in the company.

“It is important to let your vision be known by the people working with you” (Respondent 9).

- **Active engagement in Education and Training**

Investing in the personal and professional development of employees, along with their well-being, can enhance job satisfaction and loyalty.

“Creating an environment whereby a person is able to learn and grow as an individual is way above getting a huge salary... putting in place wellness programs or things that will look after the well-being of the employees” (Respondent 2).

Some small firms view experience as something that can be developed and prioritise hiring individuals with passion for the work, regardless of their initial experiences.

“We always budget for training people... as we provide training to those guys that are coming from universities. So every year we always want to have new trainees, it is part of our day to day running of the business” (Respondent 5).

Offering personalised development plans and involving employees in a variety of courses and learning experiences is highlighted as a key strategy. This not only aids in their professional growth but also in fostering a sense of investment in their personal and career development.

“Everyone in the company has to select some sort of training for them to do, and they come with suggestions which is then approved by myself” (Respondent 6).

The involvement of the company’s founder and the leadership style can significantly impact and individual’s decision to join an SMME. A positive, open, and innovative leadership style is more likely to attract skilled talent,

“I think culture plays a big role, I will add leadership as well, the type of leader that is leading is important because you can easily frustrate employees. A certain type of a leader is not compatible for leading” (Respondent 1).

This is further supported by another response stating

“Having a leader who is actually open to ideas, makes it easier for a person to join the company. It makes you feel that you are listened to, and your ideas actually add value to the company” (Respondent 4).

He further says *“A company might be small, but if you can see that a company has potential to grow bigger... that might influence potential skilled people to join the company”* (Respondent 4).

- **Partnership with Educational Institutions**

The necessity for a synergistic relationship between the educational sector and industry is increasingly evident, particularly in the context of SMMEs. Such partnerships are vital to ensure that academic programs align closely with the practical demands of the

workplace, thereby equipping graduates with the skills directly applicable to their professional roles.

“We have a tendency of taking students and give them experience” (Respondent 3).

“SMMEs can implement learner ships... of all the skills that they require, so to bridge the gap of the skills that they want” (Respondent 4).

The importance of aligning educational content with current industry practices and providing continuous learning opportunities for employees. This approach not only keeps the workforce updated but also makes the company more appealing to prospective employees.

“There is how to do things and there is how things are done. So we teach them how things are done and how to do things” (Respondent 6).

This quote from respondent 6 explains the gap that exists from what the market is offering to what they require to get the day to day exists from what the market is offering to what they require to get the day-to-day tasks completed, highlighting that the theory is taught by universities and how the industries operate is different.

By advocating for education that includes practical skills, SMMEs can work towards a future where new graduates are immediately valuable to the industry thus easing the talent acquisition process.

“If the content for our education includes practical things, which when somebody completes a qualification they can be absorbed in the system, so technical university may be the way to go” (Respondent 7).

Furthermore, the emphasis on practical skills suggests a shift towards more technical and vocational training, recognising the significant role these institutions play in preparing a workforce that meets the specific needs of the industry. By fostering closer ties with educational institutions, SMMEs can actively participate in shaping curricula that are responsive to the evolving demands of the industry, thereby streamlining the talent acquisition process and contributing to a more skilled and readily employable graduate pool.

“Recognising the importance of TVET colleges... they are playing the role of developing the first line managers” (Respondent 11).

- **Competitiveness and Innovation**

Ensuring the company remains competitive not just in the market but also as an employer by fostering innovation and continuously improving benefits can help attract and retain skilled employees.

“The company needs to grow so that it is competitive to other employers... if a company can be competitive even when it comes to labour because it gives them the upper end” (Respondent 4).

Some SMMEs are open to the growth and departure of employees, as it is an innovative way of bringing new creativity to the company.

“The one thing that we have noted is that with small entities, the training that we provide makes our employees competitive in the market, so if someone feels they want to leave it is not an issue” (Respondent 5).

Participating in conferences and industry events can enhance knowledge, visibility, and attractiveness to potential employees. It positions the SMME as an active player in the industry, engaging with both big corporations and potential hires.

“We need to have conferences where we meet to discuss new technology, new products and interact with other companies... SMME need to partake in such and equip ourselves as owners of the company” (Respondent 11).

To be competitive, SMMEs should strive to operate at a level above their current status, adopting practices and strategies from larger and successful companies. This includes leveraging social media and other platforms for broader recruitment reach.

“You must make sure that as a small player in business you operate a level above you. If you are an emerging small enterprise, operate like you’re a qualifying small enterprise” (Responded 11).

Respondent 11 highlights the fluidity of skills in the market, suggesting that SMMEs must be strategic in acquiring specialized skills; he suggests only as needed due to varying demand for different types of skills over time.

“It is not all the skill that is needed in the company to run a day to day operation... You will rather outsource it to professional or consultants when required, meaning you can only rent a services based on a project that you have” (Respondent 11).

5.4 Conclusion

SMMEs are face with a variety of challenges in acquiring and retaining scarce skill employees, SMMEs must address the gaps in university education and work experience through active engagement and development initiatives. By creating a strong organisational culture that promotes growth, flexibility, and recognition, SMMEs can enhance their appeal to high-quality candidates. Strategic development in branding, marketing, and company image, coupled with a solid value proposition in terms of compensation and career opportunities, will be key to not only attract but also retain scarce skills employees in the competitive job market.

In the next chapter, an analysis will be conducted, where the findings presented in this chapter will be methodically analysed with existing literature to offer a comprehensive overview of the research outcomes.

5.5 Summary table

Table 5

Summary table

Research Questions	Codes	Themes	Discussion of results
What are the challenges faced by SMME's in acquiring and retaining highly skilled talent?	Career barriers	Challenges	Dilution of University Curricula and experience gap Flat Organisational Structure Perception of Limited Talent Pool Technical Skill Shortages Incentive and Recognition Retention over Acquisition Operational Process Trust and Credibility Job Security Resource constraints
	Competition		
	Salary perception		
	Resource constraints		
	Job market perception		
	Recruitment challenges		
	Skill shortage		
	Organisational restructuring	Operational Constraints	
	Financial constraints		
	Economic impacts		
	Legal constraints		
	Employee turnover	Retention Difficulties	
	Work dissatisfaction		
	Lack of career		
Development			
Opportunities			
Work stress			
job security concerns			
Lack of recognition			
Work-life balance issues			
What factors influence highly skilled employees to join SMME's?	Career aspirations	Career development	Broadening skills set Enhancing employee engagement Company Culture and Leadership
	Self-improvement		
	Skill development		
	Entrepreneurship		
	Career progression		
	Positive company	Work Environment	
	Culture		
	Flexibility		
	Teamwork		
	Dynamic work dynamics	Incentives and recognition	
	Professional growth		
	Learning opportunities		
Responsibility			
Innovation			
Organisational culture			
What strategies can the enterprises adopt to attract these employees?	Career barriers	Operational Excellence	Branding and Culture Incentive schemes and employee benefits Leadership Reflection and Adaptation Active engagement in Education and Training Partnership with Educational Institutions Competitiveness and Innovation
	Competition		
	Salary perception		
	Resource constraints		
	Job market perception		
	Recruitment challenges		
	Skill shortage		
	Marketing	Strategic Development	
	Branding		
	Advertising		
	Company image	Cultural Dynamics	
	Work Environment		
	Diversity		
	Empowerment		
	Employee Engagement		
	Supportive Workplace		
	Salary	Employment Value Proposition	
	Employee Benefits		
	Career Advancement		
Training Opportunities			

Note. Author's own summary

6. Discussion of Results

6.1 Introduction

Small enterprises are encountering heightened competition from similar-sized entities and larger corporations entering sectors traditionally dominated by smaller businesses. The strategy of depending solely on local markets for expansion has become outdated for numerous SMMEs. Consequently, to maintain competitiveness and significant in today's business landscape, they must recognise, prioritise, and tackle these challenges (Engidaw, 2021). This section will discuss challenges in acquiring scarce skill talent in the context of SMMEs based on the findings from the research and the literature from various researchers.

6.2 Research Question 1: What are the challenges faced by SMMEs in acquiring and retaining highly skilled talent?

6.2.1 Dilution of University Curricula and Experience Gap

South Africa faces a considerable challenge in talent acquisition due to a skills gap rooted in educational shortcomings, which affects the availability of essential personnel (Sutherland, 2020). This change in the quality of our education has brought about many challenges to employers, where they have to be particular with the academic institutions from which they recruit. However, this challenge has a knock-on effect and this situation is compounded by subpar infrastructure quality, a result of ineffective governance and issues of state capture (Sutherland, 2020).

“The challenge is in the base/foundation, there is dilution of the curriculum by the university institutions... I have to be extremely selective of the type of universities where I get people” (Respondent 1).

Additionally, the country struggles with policy development and execution, particularly noticeable in the slow progress in areas that require critical skills (Sutherland, 2020).

The issue is not about skilled individuals' availability but also their experience's depth. The unemployment rate was 32,6% in the third quarter of the year 2023, and the graduate unemployment rate stands at 9.6% (Statistics SA, 2023). However, South Africa's engagement in higher education is strikingly low, with only 8% of the youths aged 15-24 enrolled in tertiary education (Graham et al., 2019). This means degree holders in South Africa face an unemployment risk of 8%. Moreover, only 8 % of the youth enrol to gain theory skills from tertiary institutions.

“An example of scarce skills... is the skilled and the experienced artisans... it is that experience part that we are lacking” (Respondent 3).

Employers find it challenging to locate skilled and experienced people, indicating a broader problem where the educational system is not adequately preparing students with the practical experience needed to excel in their field. However, the market is also saturated by people who do not have the theory, as only 8 % of the youth enrol for further education.

Flat Organisational Structure

In SMMEs, employees are recognised as pivotal assets driving competitive advantage (Lee, 2022). There is an assumption that SMMEs, their size and homogeneity, do not require a formal organisational structure (Lee, 2022). Such assumptions suggest that introducing structured hierarchies could detract from their agility and capacity to navigate volatile markets. However, evidence suggests a meaningful correlation between an SMME’s hierarchical structure and its innovative and financial achievements (Lee, 2022). SMME culture typically exhibits characteristics such as transparency, open communication, non-hierarchical structures, adaptability, flexibility, and a fast-paced environment (Mukul & Saini, 2021).

“The problem with small companies is that we have a flat structure, so there’s probably like two levels... The people who are coming in, may feel like they don’t have more broad opportunities” (Respondent 1).

Additionally, flatter organisational models are believed to foster innovation, whereas more layered structures are seen to facilitate commercial success (Lee, 2022). The findings of the research indicate that SMMEs employ a flat organisational structure, leading to the presumption of heightened capacity for innovation within these entities. However, it is essential to recognise that not every SMME prioritises innovation as a core necessity for their operations. This suggests that some may benefit from the adoption of a more layered model to meet their specific business goals. Flat structures, defined by a few hierarchical levels, may inadvertently limit employee career progression opportunities. This limitation can pose significant retention challenges.

This sentiment encapsulates the dilemma faced by SMMEs adopting flat organisational structures, highlighting the trade-off between fostering an innovative culture and ensuring employee satisfaction and retention through clear career advancement pathways.

6.2.2 Skills shortage

The findings of the research indicate an abundance of inexperienced candidates in the technical field creates an inconsistency where, despite a seeming surplus of potential employees, the specific demand for seasoned professions remains unmet. Labour supply pertains adequately skilled individuals capable of fulfilling responsibilities in a specific occupation, while labour demand involves employers seeking individuals with the requisite skills (Fanyana, 2022).

“In terms of getting technical people, the market is actually saturated by inexperienced people” (Respondent 7).

The above aligns with Graham et al. (2019) whose research indicated a low higher education engagement among South African youth. Skilled labour is crucial to the success of projects, especially as technology and sophistication evolve (Akomah et al., 2020). Jubane (2021), also investigated the issue of youth unemployment in South Africa and concluded that it primarily comes from an inadequate education system that produces a skills mismatch.

“There is a gap with students fresh from school, as they only have theoretical aspects, but I have also experience with employees who have the skill but lack the theory... So the balance between the two is very important, especially in the construction industry where both is needed” (Respondent 9).

Akomah et al. (2020) list factors that contribute to the shortage of skilled labour, specifically among construction workers, this can be attributed to a combination of socioeconomic factors, external factors, job appeal, industry constraints. Key attributes identified for overcoming this shortage include determination, teamwork, adaptability, technical skills and skills enhancement (Akomah et al., 2020).

The findings from the research indicate that both theory and experience are vital for a critically skilled person, and achieving this at the tertiary education level will be advantageous for the industry. Hongal and Kinage (2020) say that it is tough to get the right kind of skilled workers, and it is even harder because there are not enough of skills that companies need in that job market.

“If environments exist where one can have the combination of the two aspects... then that will improve the standards and close the gap of skills shortage” (Respondent 9)

Akomah et al. (2020) advise construction firms to invest in training to build their workforce and implement retention strategies to benefit from the investment. However, some industries have already started the process and have been doing it without fail.

“We get someone who does not have experience because we also want to give skills to those that are leaving university, and if we hire based on experience this means we are limiting the recently graduated people” (respondent 5).

So, this quote highlights that the challenge may not exist in the accounting and auditing industry, this might be because experience is not as critical in the accounting industry when compared to technical industries. Despite the perception of scarcity, there is an abundance of aspiring professionals looking to enter the accounting and auditing sectors, pointing to a dynamic where the issue lies more with recruitment than an outright shortage of talent.

“Yeah, I think it is limited, they are possessed by a few individuals, it is not a lot of people with those skills” (Respondent 5) but however *“there is plenty of people that are looking for something to do or that are looking for work to come into the accounting and auditing world. So there are challenges in attracting the skilled individuals”* (Respondent 5).

By prioritising the inclusion of recent graduates who lack extensive experience, firms aim to contribute to the professional development of newcomers. Investing in training and retention strategies may be an option in solving the challenge of a shortage of skills.

6.2.3 Incentive and Recognition

The issue of creating effective reward systems and enhancing employee job satisfaction is a critical challenge for every business (Ali & Anwar, 2021), not just for the SMME. Ali and Anwar (2021) further advise that companies must not only recruit skilled human resources but also organise their operations to meet organisational objectives, thereby elevating the company to higher levels of success. This is concerning as most SMMEs do not have a human resource employee, let alone a skilled one.

“I do not have an HR person, as we are not yet established, we are still a small company...and the role is allocated to one of the Managing Directors, where by it alternates between the both of us”(Respondent 9).

The findings indicate that the challenge faced by SMMEs in attracting and retaining talent often stems from their inability to offer comprehensive benefits and effective recognition systems. The engagement, creativity, hard work and initiative of employees are critical drivers of superior business outcomes and the achievement of the organisational strategic objectives (Ali & Anwar, 2021).

“There’s no proper recognition systems that are put in place for a person to feel recognised... at the end of the day I am looking for an ideal working environment and that’s what I try to provide for them” (Respondent 1).

Incentives are a critical factor in enhancing employee productivity, drawing significant interest especially in recruiting skilled employees capable of effectively meeting organisational objectives (Ali & Anwar, 2021).

“Most SMME do not have the benefits that big companies have... So, you are unable to actually feel safe or appreciated” (Responded 2).

The importance of rewards stems from the employees' need for recognition and compensation for their contributions. Indeed, the practice of acknowledging individuals' effort through incentives play a pivotal role in fulfilling their intrinsic motivations (Ali & Anwar, 2021). The findings from the research also support the need for recognition in a company. However, most SMMEs lack the resources to provide their employees with such benefits. The findings also reveal that compensation framework provided by a company is important in influencing employee's dedication and the likelihood of staying with the company (Ali & Anwar, 2021). This means incentives and recognition of employees are part of a retention strategy, and a company must provide competitive and market aligned compensation and benefits.

Workers are inclined to stay with a company that recognises and rewards their contribution, but may consider leaving if they feel inadequately compensated. Ali and Anwar (2021) state that employee retention is higher in an environment where individuals feel their skills and efforts are valued.

6.2.4 Impact of Retention

In today's rapidly evolving technological landscape, training is essential for any company aiming to remain competitive in the global market. Training equips individuals with the necessary knowledge, skills, and competencies to execute their roles (Nguyen, 2020). The importance of training employees has been recognised by a most of the SMMEs. However, the challenges faced by the SMMEs are, after training, how do retain the employees in the company until the company achieves the return on the investment placed. The findings revealed that retaining employees after being trained is a problem.

“They feel like SMME are more training ground for them to move on to bigger companies, and that is the main challenge” (Respondent 1).

Respondent 11 candidly addresses SMMEs difficulty competing with larger corporations for skilled talent and suggests a pragmatic approach to employee recruitment and retention.

“I think we must just bite the bullet and just accept that we are training employees for the larger companies with more job securities” (Respondent 11).

Highly skilled workers often receive better offers from larger companies, making loyalty and retention a significant challenge for SMMEs. However, this issue is not unique to SMMEs only; it is felt even between large companies, where they find themselves competing for the same talent pool.

“The issue of skilled workers is that they get poached and receive better offers elsewhere... but large companies face the challenge as well” (Respondent 9).

However not all SMMEs see this aspect as a challenge, as they have planned for such instances due to their resource availability.

“There is plenty of people that are looking for something to do or that are looking for work to come into the accounting and auditing world. So there are challenges in attracting the skilled individuals” (Respondent 5).

“If someone feels like they want to leave, it is not an issue, and we always have new trainees that want jobs... Retention is not an issue for me as we budget for these things... We don't want to limit a person by keeping them even though they want to leave” (Respondent 5).

The challenge of retaining talent within SMMEs often revolves around major factors such as rewards, leadership style, job satisfaction, workplace culture, career growth and personal reasons (Nguyen, 2020). To support this findings revealed that the challenge of aligning individual employees with the team's culture and working style, rather than issues related to technical skills or performance, is an important factor as interpersonal dynamics and compatibility play a crucial role in the longevity of an employee's tenure within a company. As a result, some SMMEs have adapted their hiring strategies to prioritise technical expertise and potential for a cultural fit within the team.

“I think with me, everyone that has left has been because they do not fit well with the team, I prefer sociable people” (Respondent 6).

“So what happens with my employees is that I employ young people... So I try to keep my staff a little bit young because then they get to relate with each other” on top of that *“I am hiring people to come and deliver a service. So I avoid introverts, I know I will not hire them because generally there are people that you can work and those you cannot”* (Respondent 6).

This suggests that instead of competing on salary alone, SMMEs might focus on maximising the potential of employees who may not be the top choice for larger corporations and focus on other motivators that will keep employees in the company.

6.2.5 Impact of Operational Infrastructure

The findings of the research highlighted that SMMEs face several challenges in acquiring and retaining highly skill talent; one of the factors affecting this phenomenon is the operational processes of the SMMEs. The results show that the operational structures of the SMMEs influence their perceived credibility and professionalism, which are crucial factors in attracting and retaining talent. A major hurdle for SMMEs is the lack of formalised operational processes, such as the absence of a company email domain and dedicated websites.

“Most small businesses don’t have operational processes in place... for example if you are using a Gmail account, it flags that maybe that might be just a scam”
(Respondent 4).

Furthermore, the challenge is not limited to first impressions but extends to the practical aspects of conducting business operations. In Industries where adherence to specific standards is necessary, the difficulty in ensuring consistent service quality across different locations, from rural to urban areas, presents a significant operational challenge. Engidaw (2021), highlights that the crucial challenge for the expansion of SMMEs is the availability of appropriate working spaces, access to affordable locations remains a pressing issue. The steep rental fees consume a substantial portion of their revenues limiting their financial growth (Engidaw, 2021).

This inconsistency can frustrate employees, especially those highly skilled and expect a certain level of operational efficiency and standardisation. The difficulty in maintaining a uniform standard of professionalism and reliability, as evidenced by the challenges of acquiring the required skills in varying locations has a knock-on effect on client dissatisfaction.

“And for start-up companies, it is not easy for any other person to trust us or be willing to stand with us throughout the process without asking for shares in the company” (Respondent 8).

6.2.6 Impact of resource constraints

For this section, resource constraints refer to the limitations and challenges SMMEs face due to their limited financial and operational resources that significantly impact their ability to compete with other organisations in various aspects, particularly in attracting and retaining talent.

Findings reveal that SMMEs often operate with restricted financial resources, which limits their capacity to hire specialised labour. This necessitates a more versatile role workforce capable of handling multiple roles, which may not be attractive to specialists who prefer focused roles. During the initial stages of a company, there are usually no requirements for human resources, or more precisely, there are no available funds to support human resource expenses. The founding team often handles various roles, and it is common for the founders to take on the responsibilities of a Human Resource executive, including tasks related to recruitment, workforce planning and routine recruitment (Mukul & Saini, 2021).

“I do not have an HR person, as we are not yet established, we are still a small company...and the role is allocated to one of the Managing Directors, where by it alternates between the both of us”(Respondent 9).

Findings highlight that the primary challenge is the inability to offer salaries that are competitive with larger organisations. Highly skilled professionals often seek better salaries for their skills, which SMMEs struggle to provide due to limited budgets. Alternatively, fail to provide due to project inconsistency.

“As a result we would go without pay for almost two months as we would be waiting for the company to have money then we can also get paid... It will be rare for people tone employed full time, it was on project basis... the only reason I stayed that long was that I could the vision of the manager and I was family and had to support his vision” (Respondent 10).

These challenges highlight SMMEs' difficulties in creating an attractive value proposition for highly skilled talent. To mitigate these issues, SMMEs often have to find innovative ways to appeal to potential employees, such as offering flexible working conditions, competitive job experiences, and an appealing work place culture that aligns with the values.

6.2.7 Impact of Job Security

Job security is one of the challenges SMMEs encounter in acquiring scarce skills employees, as there is an inherent risk and uncertainty surrounding the longevity and stability of SMMEs. This makes the small companies less appealing to individuals with scarce skills.

“There are challenges such as job security because you are not sure if this business that is starting out will actually work out. Will it still be around in the next four or five years?”(Respondent 2).

According to Herzberg’s theory (1964). Job insecurity is a detrimental hygiene factor that markedly diminishes job satisfaction. Nemteanu et al. (2021) validate the association between employees’ perceived job insecurity and their satisfaction levels with supervisors, and opportunities for promotion. This aspect does not make SMMEs appealing to potential employees.

One of the primary concerns highlighted through the research is the focus of SMMEs on short-term jobs; this is due to the availability funds to run the actual project.

“Most SMMEs especially that are run by black people they focus on short term jobs... if small businesses could actually implement listing of benefits in the companies, having long term project... I think that could give a sense of security for each and every employee joining the company” (Respondent 4).

6.3 Research Question 2: What factors influence highly skilled employees to join SMMEs?

6.3.1 Broadening skills set

The findings illustrate the significant advantage of SMMEs in offering employees a broad skill set and diverse work experience, which is particularly appealing to highly skilled individuals lacking the specific experience required by larger corporations. The respondents highlighted the opportunity within SMMEs to engage in various tasks and responsibilities beyond their primary job function. This variety contrasts with the more specialised roles in larger companies where employees might focus narrowly on specific segments of the industry.

The direct impact of an individual's work on the company's success, coupled with a lack of bureaucratic hurdles, was also noted as a compelling reason for choosing to work at an SMME. This environment enables employees to close gaps within the company, ensuring a versatile and comprehensive professional development experience. Findings reveal that employees appreciated the chance to engage in a wide range of activities within the company, fostering personal growth. Honoré and Ganco (2023), highlighted the importance in examining how SMMEs attract talented employees lies in comprehending the reciprocal process where both the individuals and companies strategically decide on their collaborators. This is the reason why the study included both the employees and the employers.

This is a unique value proposition of SMMEs in fostering a broad skill set and diverse professional experiences among their employees. This not only enhances individual career prospects but also positions SMMEs as crucial incubators of versatile talent capable of adapting to various industry challenges, this also delivers significant value to the business itself by cultivating a flexible and capable workforce.

6.3.2 Company Culture and Leadership

The work environment is crucial in attracting the right talent, especially within SMME. Findings show that creating a relaxed atmosphere, where dress codes are flexible and there is a strong sense of independence, is highly valued by some SMMEs. The importance of a fun, relaxed environment where the focus is on productivity rather than attire. This is further supported by Ushakov and Shatila (2021), who highlight that the presence of fun in the workplace positively influences employee retention, as both are marked by positive psychological states and high levels of energy.

Keeping employees in the organisation contributes to customer satisfaction and the overall success of the business, as Ushakov and Shatila (2021) revealed a strong connection between retaining staff and financial prosperity of a company. This also implies that retaining employees is a positive for SMMEs, as they do not have large reserves of financial resources.

The hiring process requires a two-way agreement, signifying a match between the founding team and a potential employee. Overlooking the importance of cultural fit, and the bi-directional aspect of this matching process, and along with the mutual dependence in the selection process from both parties (Honore & Ganco, 2023). This is demonstrated in the findings when the study reveals the significance of interpersonal relationships and compatibility in determining an employee's duration at a company. Findings show that some SMMEs have modified their recruitment systems to value not only technical skills but also the likelihood of a new hire fitting in well with the team's culture.

“So what happens with my employees is that I employ young people... So I try to keep my staff a little bit young because then they get to relate with each other” on top of that “I am hiring people to come and deliver a service. So I avoid introverts, I know I will not hire them because generally there are people that you can work and those you cannot” (Respondent 6).

This strategy shows a preference for sociable candidates who can seamlessly blend and work co-operatively with current team members, underlining the critical role of social interactions in the workplace. A positive work environment can help decrease stress, enhance productivity, and improve employee retention. Additionally, evidence suggest that enjoying some fun at work can make employees more collaborative, empathetic, and committed to their roles Ushakov and Shatila (2021).

“I enjoy working with my current team... as they are the same age group... we go out for lunches, have team building to keep our unity” (Respondent 6).

The findings underscore the distinctive dynamics of employee engagement and work culture within SMMEs as opposed to larger corporates. The intimate work environment of SMMEs creates a unique ecosystem for employee engagement, characterised by direct access to leadership, personalised coaching, and a strong sense of unity and purpose among the workforce. SMME culture typically exhibits characteristics such as transparency, open communication, non-hierarchical structures, adaptability, flexibility, and a fast-paced environment (Mukul & Saini, 2021) and the direct communication with the founder's facilities a transparent and inclusive work environment where employees feel valued and understood.

This allows for honest feedback, mentorship, and learning opportunities that are often absent in larger companies, where hierarchical structures may impede direct interaction between leadership and the broader workforce.

In essence, the research findings reveal that the intimate and personalised work environment of SMMEs offers a unique proposition for employee engagement and satisfaction. This environment nurtures personal development and belonging through close-knit, supportive work cultures. These aspects are instrumental in attracting and retaining skilled employees, especially those seeking more than just a job but a place where their work is impactful and meaningful.

6.4 Research Question 3: What strategies can the enterprises adopt to attract these employees?

6.4.1 Branding as a Strategic Tool

Branding goes beyond logos and marketing material; it involves a company's values, ethos, and mission. For SMMEs, a strong brand identity can serve as a beacon, attracting individuals whose personal values align with the company's values. SMMEs should invest time and resources to craft a brand identity that reflects their values and mission.

As noted in the findings, the goal is to attract individuals who care about their work beyond just the financial compensation. A well-defined brand helps communicate what the company stands for, thus attracting like-minded individuals who are more likely to be passionate about their roles and contribute positively to the company's objectives. The findings also highlights the importance of visibility through branding. This involves not just traditional branding elements but also active engagement in community and social activities, and a strong presence on social media platforms. Such visibility aids in recruitment but helps build a positive public perception of the company.

6.4.2 Company Culture as a Retention Tool

The role of company culture cannot be overstated. A culture that reflects the values of its employees, offers support for their well-being, and promotes a healthy work-life balance is essential for retention. Skilled professional, prioritise companies where they feel a sense of belonging and alignment with their personal and professional values.

The findings revealed the importance of a cultural fit for job satisfaction and retention. A mismatch between an individual's values and the company's culture can lead to dissatisfaction and turnover. Conversely, a supportive and aligned culture can be a compelling reason for skilled professionals to stay with an SMME. A culture that supports employee well-being, recognises their contributions, and fosters a positive work environment will likely retain talent. This involves creating policies and practices that support work-life balance, professional development, and employee engagement.

6.4.3 Leadership Reflection and Adaptation

The role of leadership is critical in attracting and retaining talent. Leadership effectiveness begins with self-awareness and extends to the ability to communicate the company's vision and aspirations compellingly. Leaders must articulate their goals in a manner that resonates with employees, fostering a shared sense of purpose. The research findings highlight the importance of involving employees in the company's vision and culture, creating a sense of ownership and belonging. This involvement is key to making employees feel integral to the company's future, influencing their decision to join and stay with the company.

6.4.4 Incentives and Employee Benefits

The findings suggest that offering a comprehensive package of financial benefits, such as provident funds and medical aid, enhances an SMME's appeal to current and potential employees. The focus of reward systems should be on developing and executing strategies and policies that aim to compensate individuals fairly and consistently, aligning with the organisation; this involves the design, implementation, ongoing management, and communication of reward process to support the objectives (Ali & Anwar, 2021).

These benefits extend beyond the basic salary and create a supportive and appreciative work environment. Although implementing such strategies will require careful consideration of the financial strategies, ensuring there are adequate reserves to support such benefits. It is not only about attracting new skilled talent but also about retaining the employee long term. Hence the importance of financial planning as consistency is key to this strategy.

6.4.5 Partnership with Educational Institutions

The findings highlight the necessity for a synergistic relationship between the educational sector and the industry, especially for SMMEs. This partnership is vital for ensuring that academic programs are closely aligned with the practical demands of the workplace. By doing so, graduates are better equipped with skills that applicable to their roles, which is crucial for their immediate effectiveness in the professional environment. Research conducted in 2021 highlighted that South Africa's education system falls short in providing the essential numeracy and literacy skills that employers seek in their workforce (National Research Foundation, 2021). This observation is consistent with Jubane's (2021) findings, which identified the education system as contributing to youth unemployment.

Additionally, the National Research Foundation (2021), discovered a preference among students for university education over vocational education and training colleges (TVET). However, evidence suggests that individuals holding qualifications from TVET colleges tend to perform better in the job market. These are concerning findings from the National Research Foundations, as the current findings support the research conducted in 2021. The findings reveal an emphasis on the practical skills, suggesting a shift towards more technical and vocational training. This shift recognises the significant role that the technical and vocational education and training colleges play in preparing a workforce that meets the industry specific needs.

De Lannoy et al. (2020) proposed bridging programs, such as internships, alongside job seeker support programs, to mitigate the skills gaps. These include the development of effective information systems to guide young individuals on the skills demanded by the economy, thereby enhancing their employability prospects (De Lannoy et al., 2020)

By Fostering ties with these institutions, SMMEs can actively participate in shaping the curricula that are responsive to the industry evolving demands. This partnership streamlines the talent acquisition process but contributes to a more skilled and readily employable graduate pool.

6.4.6 Fostering Innovation and Employee Competitiveness

The findings reveal the importance of a continuous improvement in benefits and fostering an innovative environment. This aspect helps attract skilled employees and retains them by ensuring the company remains an attractive workplace. Competitiveness in the labour market gives companies an upper hand, as it allows for SMMEs to be proactive in their employee value proposition. Lee (2022) supports this by stating that employees are recognised as pivotal assets driving competitive advantage in the context of SMME.

Engaging in conferences and industry events came through in the findings as a strategy to boost the company's knowledge base, visibility and attractiveness to potential employees. This positions SMMEs as active players, enhancing their appeal to potential hires and large corporates. The research findings offer a vague roadmap for SMMEs to enhance their competitiveness and innovation through strategic approaches to employee engagement, industry participation, and operational strategies. This means each company has unique needs and different strategies will work differently for each SMME.

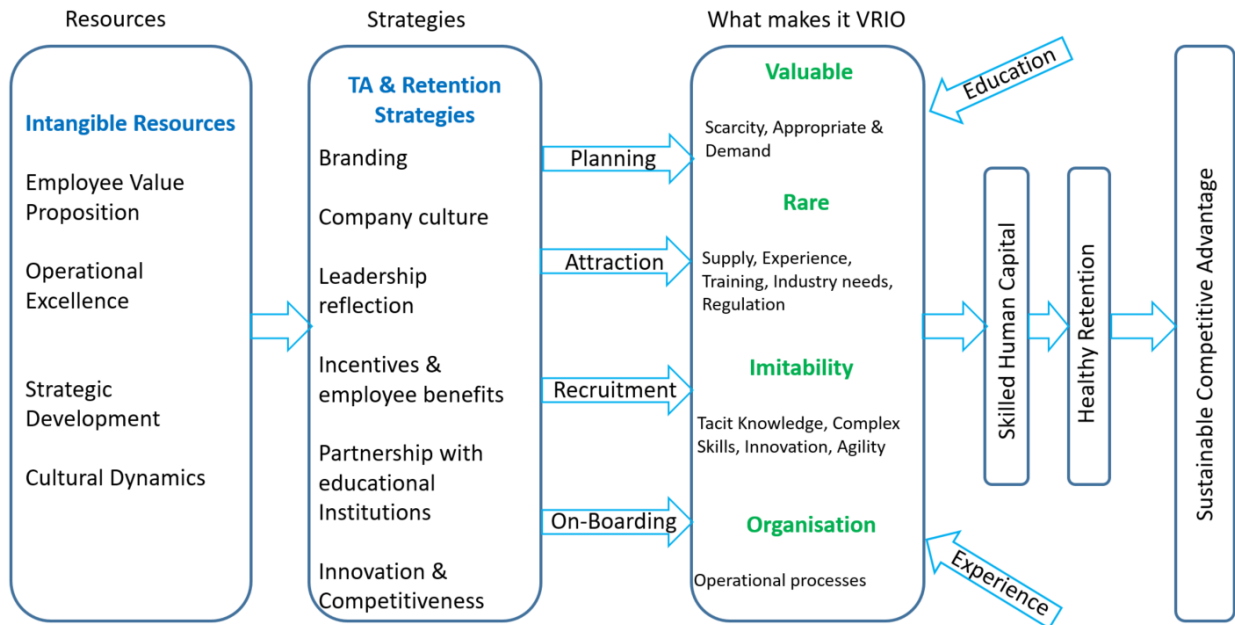
6.4.7 Adopting Practices from Successful Wins

Operating a level above the current status for SMME came through on the findings, resulting in a company being prepared for the next stage regarding processes and labour. The finding in Chapter 5.4.3 also revealed a suggestion strategically in acquire specialised skills, by using only as needed approach. Due to the varying demand for different types of skills overtime, this is a pragmatic approach to resource management. This strategy advocates for a flexible and project-based approach to skill acquisition, suggesting outsourcing to professionals or consultants as a cost-effective method to access necessary skills without the overhead or permanent employment. Krishnan and Scullion (2017) do not agree with using a one size fits all method for hiring talent because what works well for big companies may not work for small ones. This highlights that even for small companies in different industries, a unique strategy needs to be applied based on the needs of the company and the internal recruitment processes.

6.4.8 Summary diagram

Figure 11

RBV SCA model illustration with details



Note. Adapted from Resource-based view sustainable competitive advantage. Barney (1998). [https://doi.org/10.1002/\(SICI\)1099-050X\(199821\)37:1%3C31::AID-HRM4%3E3.0.CO;2-W](https://doi.org/10.1002/(SICI)1099-050X(199821)37:1%3C31::AID-HRM4%3E3.0.CO;2-W)

Figure 11 is a conceptual framework for a business strategy focused on human resource management, and organisational development, based on the findings. The framework is structured around resource-based view and sustainable competitive advantage. Components included in the framework: Resources, Strategies, and VRIO (Valuable, Rare, Imitable, Organisation).

Resources

These resources play a significant role in shaping talent acquisition and retention strategies within an organisation (Ciszewska-Mlinarič & Wasowska, 2015). Intangible resources like operational excellence refer to the company's ability to deliver its products or services in an optimal way, this often includes efficiency, quality, and speed. Findings from the research reveal that operational excellence can attract top talent who are looking for well-run companies that have streamlined processes and a reputation for high performance. RBV emphasizes the importance of organisational fit, stating that companies can only attain long-term competitive advantage if they possess the ability to

effectively utilise potentially valuable resource (Collins, 2021). These items are the intangible resources that came through from the finding that determine an organisational fit. A well-operated SMME provides employees with stability and potential for growth, which are key factors in employee satisfaction, leading to employee staying longer in companies. Employee Value Propositions (EVP) are unique benefits an employee receives in return for the skills, capabilities, and experiences they bring to a company. Findings from the research highlighted EVP as critical for attracting talent and retaining employees by ensuring they feel valued and engaged. Strategic development is a long-term goal of the SMMEs, and if these goals align with potential employees' own career goals, then it draws potential employees that understand the strategic intent of the company. The findings reveal that the company's culture is important in attracting scarce skills employees, and culture is seen as a key reason why employees stay with a company longer.

Strategies

These are talent acquisition and retention strategies highlighted from the findings; they can be considered strategies that SMMEs can use to attract and retain the scarce skills talent.

VRIO Framework (Barney, 2008)

Valuable

A combination of scarcity of the skill, the demand for the skill and the appropriateness of the skill required makes it valuable to the organisation. SMMEs will need to ensure the strategies in place add value to both the organisation and the employees. SMMEs can provide training that equips employees with skills that are in high demand within the industry.

Rare

Human capital is rare if the supply of the kind of skills possessed is few and have sufficient experience, training, and the industries required such a skill. SMMEs will have to cultivate qualities in their workforce, like specialised skills that are not easily replicated by competitors.

Imitable

This capability should be hard to imitate, relying on tacit knowledge, complex training skills, and innovation. SMME should create a work environment that cannot be easily copied by other companies, such as a distinctive company culture or innovative work practices.

Organisation

The SMMEs must be organised to exploit these resources effectively through internal processes. SMMEs will have to align human resource processes and organisational structures to support the exploitation of these resource.

Planning aligns resources and strategies to create value, attraction helps in acquiring rare talent, recruitment involves processes that deter imitation by competitors, and the on-boarding ensure new hire are integrated into the organisation effectively.

7. Conclusion

7.1 Introduction

The research was centred on the challenges and strategies related to talent acquisition in SMMEs, mainly focusing on recruitment and retention highly skilled employees. Given the critical role SMMEs play in fostering economic growth and job creation, their struggle to attract and keep talent poses a significant barrier to their success and sustainability. The study aimed to explore the hurdles SMMEs encounter in this process, the factors that make these enterprises appealing to top talent, and the effective tactics they can employ to secure such individuals. This exploration was particularly appropriate as it tackles a vital economic issue, highlighting the importance of scarce skilled employees for organisational growth and competitiveness. By offering insights and actionable recommendations, the research seeks to aid SMMEs in navigating the complexities of the talent market, thereby enhancing their ability to thrive and compete.

Talent acquisition in SMMEs is recognised as a complex process apprehensive with several challenges; SMMEs struggle with difficulties in attracting and retaining highly skilled talent. This difficulty stems from limited resources, competition from the larger organisation, and the importance of a strong fit with organisational culture. Additionally, the potential to attract highly skilled employees to SMMEs is influenced by several factors, and the research aimed to pinpoint the exact factors.

There is a gap in understanding the specific challenges SMMEs face in talent acquisition and retention. These challenges include the dilution of university curricula, experience gap, flat organisational structure, skill shortage, incentives, and recognition issues, the impact of operational infrastructure and operational processes, resource constraints, and job security concerns. The strategies that SMMEs can adopt to attract and retain scarce skilled employees need further exploration. These strategies involve broadening skill sets, enhancing company culture and leadership, branding and partnerships with educational institutions, fostering innovation and competitiveness among employees, and learning from successful practices.

While the general complexities and factors influencing talent acquisition in SMMEs are known, a deeper understanding of the specific challenges and effective strategies for attracting and retaining highly skilled talent requires further exploration. The research aimed to answer these specific questions: 1. What are the challenges faced by SMMEs in acquiring and retaining highly skilled talent? 2. What factors influence highly skilled employees to join SMMEs? 3. What strategies can the enterprises adopt to attract these employees?

7.2 Recommendation

The research has systematically explored effective strategies for SMMEs to attract and retain skilled employees, which is a critical factor in sustaining competitive advantage and fostering growth. Through an in-depth analysis of various strategic dimensions, including branding, company culture, leadership, incentives, educational partnerships, innovation, and flexible skill acquisition practices, it becomes evident that a multi-faceted approach is essential for SMMEs to thrive in the dynamic and competitive business environment.

Firstly, the research highlights the significance of a well-defined brand identity and visibility, not just as a marketing tool but as a strategic asset in attracting individuals whose values align with those of the company. A strong brand resonates with potential employees, drawing in those who are not only skilled but also passionate about their work and aligned with the company's mission. Investing in developing a strong identity that reflects your company's values, ethos, and mission will attract individuals who share similar values. This can be done by enhancing visibility through engaging in community activities and maintaining a strong social media presence.

Secondly, cultivating a positive company culture emerges as a cornerstone for employee retention. A culture that mirrors the values of its employees supports their well-being, and promotes a healthy work-life balance is paramount. This research has highlighted that job satisfaction and employee retention are intrinsically linked to a culture that recognises and supports employees' contributions, fostering a positive and supportive work environment. SMME should develop a company culture that supports employee well-being, work-life balance, and professional growth. A culture that aligns with the employees' value will increase job satisfaction and retention. Implementing policies and practices that recognise employee contributions, foster a positive and supportive work environment.

Leadership's role in reflecting and adapting to the workforce needs is critical. Effective leadership, characterised by self-awareness and the ability to compellingly communicate the company's vision, fosters a shared sense of purpose among employees, enhancing their engagement and loyalty.

Furthermore, competitive incentives and benefits packages are key factors in attracting and retaining talent. The research suggests that SMMEs must offer comprehensive benefits that extend beyond salary to include provident funds, medical aids, and other supportive measures. SMMEs should develop a comprehensive benefits package that will enhance the company's appeal and ensure that financial strategies are in place to support these benefits consistently, as it is crucial for long term employee retention.

The partnership between SMMEs and educational institutions will be a strategic move to align academic programs with the practical demands of the industry. This synergy ensures graduates are equipped with relevant skills, enhancing their immediate effectiveness and employability. Innovation and employee competitiveness are vital, and the research advocates for an environment that encourages continuous improvement by participating in industry events to enhance a knowledge.

Lastly, adopting flexible skill acquisition practices , such as strategic and project-based approach to hiring and the potential outsourcing to professional, is recommend. This approach allows SMME to be agile and responsive to the changing demands of the marketplace.

7.3 Limitation and future studies

The size of the sample used might hinder results, given that the research is limited to a small group of SMMEs and skilled labour (Myres, 2023), and SMME owners where uncomfortable with their employees being interviewed. This limited the study to be more focused on SMME owner, compared to a few skilled employees. Future studies could focus on the skilled employees or implement a different methodology such as a survey, to allow participants to be free.

The resource-based view theory has three different views to position the argument and these different ways can lead to different conclusion (Barney, 2001). This research is only based on one view and further studies may consider other views to investigate an alternative argument. Future research could focus on the other views of RBV, or future research can consider using a different theory to study the phenomenon.

Employers find it challenging to locate skilled and experienced people, indicating a broader problem where the educational system is not adequately preparing students with the practical experience needed to excel in their field. However, the market is also saturated by people who do not have the theory as only 8 % of the youth enrol for further education. Future studies can investigate the skilled shortage based on the graduates that enrol in tertiary institutions. Additionally future studies could focus on the effectiveness of the specific strategies mentioned in the discussion and investigate the impact of the incentive and recognition programs on employee attraction in SMME.

The conceptual framework may not be universally applicable across different industries or organisational sizes. Future research could investigate how the model could be tailored to different industries and unique challenges they face. There is a subjective nature of assessing intangible resources like culture and strategic development could

lead to biases or inaccuracies. Future research could develop quantitative methods for evaluating the impact of intangible resources on recruitment and retention. Additionally, global companies may find the model less adaptable due to varying cultural dynamics across regions, future research could explore how the model can be adapted to fit diverse cultural contexts, particularly for multinational corporations.

The research identifies the recruitment challenges that small to medium-sized enterprises encounter and outlines actionable strategies for these business to attract the required scarce skilled talent effectively. By tackling these obstacles and deploying the recommended approaches, SMMEs can support their market position and energize the competitive landscape of the small business sector. SMMEs struggle with issues like the weakening of academic syllabi, limited organisational hierarchy, perceived scarcity of qualified candidates, technical skills gaps, insufficient rewards and acknowledge, retention hurdles, operational limitations, trust and credibility deficits, job stability worries, and financial restraints.

Factors that draw top talent to SMMEs encompasses opportunities for skills diversification, increased employee involvement, organisational culture and leadership, and collaborations with academic bodies. To entice accomplished professionals, SMMEs might focus on cultivating their brand and workplace culture, enhancing benefit packages and incentives, reflecting on and adjusting leadership styles, actively engaging in employee education and skill development, fostering a spirit of innovation, and forming alliances with educational entities.

It is crucial for SMMEs to foster an environment that supports staff, invest in their professional growth, and anchors a robust organisational culture.

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